Linius Technologies Limited

ABN 84 149 796 332

Appendix 4E

Preliminary Final Report

30 June 2021

Reporting period

Report for the current period is for the year ended 30 June 2021.

Prior corresponding period information is for the year ended 30 June 2020.

Results for announcement to the market

	2021	2020	Increase/(decrease) over previous corresponding period	
	$	$	$	%
Revenue from ordinary activities	109,073	66,523	42,550	64.0%
Revenue from ordinary activities excluding interest	108,193	60,000	48,193	80.3%
Profit/(Loss) from ordinary activities after tax attributable to members	(6,127,504)	(7,820,189)	1,692,685	(21.6%)
Net profit/(loss) for the period attributable to members	(6,127,504)	(7,820,189)	1,692,685	(21.6%)

Dividends

No dividends were paid or declared during the financial period and it is not proposed to pay dividends.

No dividends have previously been declared or paid in prior financial periods and there are no dividend reinvestment plans in place.

Details of entities over which control has been gained during the period

None.

Details of entities over which control has been lost during the period

None.

Financial statements and Explanation of results

Refer to the financial statements for the period, further information and brief explanation of the financial results for the period and other information required under Appendix 4E are contained in this document.

Net tangible asset backing

	Current period	Previous corresponding period
Net tangible assets per ordinary security	0.1 cents	0.1 cents

Events after the reporting period

None.

Audit

The results reported are in the process of an independent audit.

Signed:

Giuseppe Rinarelli | 31 August 2021

Company Secretary | Melbourne

LINIUS TECHNOLOGIES LIMITED

ACN 149 796 332

ANNUAL REPORT

2021

LINIUS TECHNOLOGIES LIMITED
ANNUAL REPORT 2021

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LINIUS TECHNOLOGIES LIMITED

ANNUAL REPORT 2021

CORPORATE DIRECTORY

This annual report covers Linius Technologies Limited and its controlled entities (the "Group" or "Group") during the year ended 30 June 2021. The presentation currency of the Group is Australian dollars.

OFFICERS	Gerard Bongiorno	(Executive Chairman)
	Stephen McGovern	(Non-Executive Director)
	Christopher Richardson	(Director and CEO)
	John Wallace	(Non-Executive Director)
	Giuseppe Rinarelli	(Company Secretary and CFO)
REGISTERED OFFICE	Suite 1, 2A River Street, SOUTH YARRA VIC 3141	
SOLICITORS	Milcor Legal Lawyers Level 1, 6 Thelma Street WEST PERTH WA 6872	
AUDITORS	KPMG Tower 2, Collins Square 727 Collins Street MELBOURNE VIC 3000	
SHARE REGISTRY	Advanced Share Registry Ltd 110 Stirling Highway NEDLANDS WA 6009	
	Telephone:	(08) 9389 8033
	Facsimile:	(08) 9262 3723
PRINCIPAL PLACE OF BUSINESS	Suite 1, 2A River Street, SOUTH YARRA VIC 3141	
	Telephone:	(03) 8680 2317
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WEBSITE	www.linius.com	
ASX CODE	LNU	

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of your board of directors, I am pleased to enclose the Annual Report of Linius Technologies Limited for the financial year ended 30 June 2021.

The board is proud of the company's achievements over the financial year, with its unique technology offering significantly progressed both in terms of development and commercialisation. Despite the COVID-19 pandemic presenting challenges to the ways all companies both in Australia and overseas conduct business, the Linius team successfully trialled the company's products with a number of potential clients in each of our target market segments over the course of financial year 2021.

We expect these deployments to convert into commercial agreements, generating recurring revenue to the company – with more in the pipeline. Even more encouraging is that these contracts are foundational for a subscription business that will continue to grow as the technology is further deployed into the targeted market segments. Those delivered to date provide tangible evidence that our technology, which extracts data from videos, provides a valuable commercial proposition. They came as the Linius Whizzard product attracted the attention of some early adopter clients in the sports, education and business market segments.

In the sports segment, the Linius Sports Solution was launched and won some high-profile clients including the Australian National Basketball League and Racing.com. This was followed by the launch of the service with the first of our English Premier League Football Clubs, Wolverhampton Wanderers, distributed via our partner Swanbay. These contracts are the direct result of bolstering the company's sales and marketing resources which, together with substantial development towards the evolution of our product offerings, place the Company in a strong position to deliver the global release of a 'client deployable' sports solution that will add to the Company's recurring revenues.

It was also pleasing to see our product offering in the education segment getting increased visibility. The now market ready Linius Whizzard specifically tailored for the education sector has recently completed a successful set of trials with a leading University, and subsequent to year end we announced our first commercial deal with the University of Newcastle. One of the key product benefits is that it gives students the ability to quickly search for and view specific topics within the lecture video content to aid their studies, a process that to date has been a laborious and near impossible task. The product is now being trialled with other respected universities. An exciting development in these university trials has been the new use cases they have developed, as the power of the Whizzard product became apparent. This development opens the way for higher revenue per client in this target segment.

Our efforts to develop the Linius Whizzard for the enterprise sector also made great strides in financial year 2021, with the product generating early interest. We have now constructed a sales pipeline and have laid the groundwork for the global launch of Whizzard on the AWS and Zoom marketplaces in the first half of the 2022 financial year.

The Linius Whizzard has also received industry acknowledgement. It was recently named the Australian Information Industry Association's (AIIA) 2021 winner of the VIC "Technology Platform Solution of the Year" award. This is a great achievement, as the AIIA has been driving an innovation nation through their iAwards program for nearly 30 years.

On top of our efforts to commercialise the Whizzard product we also accelerated the development of the LVS SaaS platform. This included the deployment of productised solutions in the video conferencing and sports broadcasting markets. The Company made further investment in product development here, in response to visible go-to-market opportunities. In our BVS subsidiary, we continued to explore the potential for our core patented technology to be combined with the additional patent it has received for blockchain technology. It could provide a compelling B2C or B2B2C solution for content creators spanning the gamut of pro-streamers through to traditional studios.

CHAIRMAN'S LETTER TO SHAREHOLDERS

I personally would like to thank Linius staff for their efforts over what has been another year where COVID-19 severely impacted both their work and social lives. While the pandemic is still with us, we look forward to financial year 2022 as the company converts Whizzard trials into contracts and existing clients increase their use of the unique Linius technology now available to them.

Finally, we thank Linius investors for their continued support as your company progresses its product commercialisation and growth strategy

I present to you the report on Linius and its controlled entities for the 30 June 2021 financial year.

Gerard Bongiorno
CHAIRMAN
31 August 2021

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

Dear Shareholders,

On behalf of your board of directors, I am pleased to enclose the Annual Report of Linius Technologies Limited for the financial year ended 30 June 2021.

In 2021, we made significant advancements across our commercialisation activities. We successfully productised our solutions, which have been well received in the market, won anchor accounts and trialists, and are now poised for rapid commercialisation delivering recuring revenues to the company.

Some key highlights included:

- Designed, developed and launched Linius Whizzard into the Education Sector
  - Successful completion of trials with a leading university, with the Whizzard product being well received by the sector.
  - Development and deployment of significant new product enhancements.
  - A sharper focus on converting successful trials to sales, with Linius undertaking more trials with new university prospects, including new use cases with universities holding vast archives (potentially opening the way for higher revenue per client).
  - Progressing strategy to achieve mass adoption in the Australian higher-education sector followed by international expansion.
  - A number of additional universities to trial the technology in the September quarter.
  - Expansion of partner ecosystem to facilitate acceleration of commercial activity as the first universities adopt the product.

- Launched our Linius Sports Solution and won significant clients
  - Linius Sports Solution is validated in the market with multiple clients including:
    - Australian National Basketball League
    - Racing.com
    - Premier League Football Club, Wolverhampton Wanderers
  - Accelerated investment on the basis of these successes with newly appointed Chief Revenue Officer, EMEA, David Nortier with an emphasis on repeat commercial sales of the Linius Sports product.
  - The Linius SaaS platform LVS and associated Linius products are invited into Amazon Web Services Independent Software Vendor ('ISV') program for launch in Q1 FY 2022.
  - Guided by lessons learnt from existing deployments, we invested in the development of a 'client deployable' sports solution that will be promoted globally in Q1 FY2022, accelerating recurring revenues.

- Linius Whizzard in the enterprise sector
  - We are investing in the $15 billion video-conferencing market.
  - Linius Whizzard product has been well received in the sector.
  - Building the sales pipeline and preparing for the global launch on the AWS and Zoom marketplaces Q1 FY22.

- We have also further progressed the development of the LVS SaaS platform, including deploying productised solutions in the video conferencing and sports broadcasting markets. In addition, we continued to invest in product development, in line with our go-to-market opportunities.

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

Our mission is to become the *de facto* standard for the management and streaming of video.

Linius' core strategy of providing personalised TV solutions remains unchanged, as does the strategy of commercially validating solutions in each sector, then leveraging partners such as AWS to sell more of them.

Our near-term strategy remains unchanged but our method of executing has advanced significantly:

1. Commercially validate the business through direct sales

   Validation occurs by:
   - Winning substantial anchor clients in each target sector
   - Where the solution adds significant and demonstrable value to the clients business
   - Generating material revenues for Linius and our partners
2. Roll out validated solutions to similar clients
   - Further direct sales
   - Via Partners
   - OEM

In 2021, we have focussed our activities on target sectors where we feel the product has been validated commercially, and which are prime targets for the rollout of repeat solutions, namely sports, education and business. These sectors are addressable through direct sales and partner-enabled new business activity.

All of the solutions below are readily repeatable across large markets and will begin to deliver revenue to Linius in late September and early October. Importantly, partners such as AWS now see Linius as commercially validated with AWS having accepted Linius to its ISV Accelerate Program.

Management is of the view that the new business wins in large markets, with the long-term revenue potential and long-trailing revenue models, justify the FY21 investment. We now believe Linius is well-positioned to repeat these solutions for new clients in the quarters ahead.

1. Linius Whizzard Gains Traction in Education Sector

In November 2020, we launched Linius Whizzard and subsequently invested aggressively in developing the product for the education sector, achieving market readiness towards the end of the year.

The product has been well received, with a leading university successfully completing technology and acceptance testing, and many more universities committing to trials. With the trials undertaken to date highly successful, we are now focussed on converting them to sales.

With the confidence of positive market reaction and successfully completed trials, we are now expanding our sales team in this sector and accelerating plans for international expansion.

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

Linius to benefit from emerging trends in the global education sector

The higher education market is moving strongly to a student-centric service with remote learning and micro-learning being key drivers. In addition, the impacts of COVID-19 are accelerating this shift. Early client engagement in the quarter confirmed that

- Linius Whizzard answers the core market need of providing efficiency and learning through personalized content for educators and students alike;
- Linius Whizzard is unique in the sector, allowing students and educators to search within their expansive video archives, instantly assembling relevant segments of video, to facilitate better learning; and,
- a number of new use cases for Linius Whizzard exist, including within universities' vast archives providing us with higher revenue opportunities per client.

Some Australian higher education market stats[1] that work in Linius' favour are

- 1,054,202 students enrolled in 41 universities;
- these universities employ 138,041 FTE staff; and,
- universities had a total IT spend of $2.3bn in 2019, growing 8% in that year.

Globally, there are 19,800 higher education institutions across 196 countries with student numbers expected to double to 262 million in 2025.[2] We have continued the development of our SaaS platform with the target of making Linius Whizzard readily available for the global market.

The Linius EduTech pricing model can be broadly summarised as:

- $4 per calendar month – Educator
- $1 per calendar month – Student
- Data packs facilitating the AI based enrichment of the video content
- Typical software support fees
- Integration charges where required

We have identified target learning management systems for integration with Linius Whizzard and commenced development of these connectors. It is expected that these connectors will generate additional sources of revenue in future deployments.

We have also expanded our partner ecosystem, to facilitate the acceleration of commercial activity, including the following highlights during the quarter:

- AWS ISV Accelerate Program on track for launch in the September Quarter.
- New partners engaged to enable deeper integration with learning management platforms such as Blackboard and Echo 365.
- Engaging with VCMS platforms such as Brightcove.
- Continued integration planning with Livetiles Reach.

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1 Source: Council of Australasian University Directors of Information Technology:
2019 metrics *https://www.caudit.edu.au/2019-metrics*
2019 Benchmarking snapshot *www.caudit.edu.au/2019-benchmarking-snapshot*

2 Source: United Nations: *Higher Learning Institutions and Global Citizen Education*
https://www.un.org/en/chronicle/article/higher-learning-institutions-and-global-citizen-education

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

2. Linius Sports Solution Growing Its Client Book

Linius Sports Solution is validated in the market with multiple clients.

- The Australian National Basketball League went live in Q4 FY21 and gained commitment for an expansive rollout across NBL properties.
- UK-based partner Swanbay deployed to English Premier League club, Wolverhampton Wanderers, generating new revenues for Linius and the first revenues generated by independent partners investing and building upon Linius Video Services ('LVS').
- Racing.com viewer engagement continues to grow.
- Sportshero, whose go-live date remains dependent on the recommencement of the Indonesian soccer league.

Armed with successful utilisation of these deployments, we are confident Linius is well placed to target other potential clients in the basketball and soccer markets, focussing on repeat sales of the existing solutions, particularly in digital environments.

A self-deployable sports product has also been in development focusing on digital-rights holders. We are looking to deploy mass marketing of this product in the coming quarter. Newly appointed Chief Revenue Officer, EMEA, David Nortier is driving new business activity, with an emphasis on repeat commercial sales of the Linius Sports product.

Sports Broadcasting Market has been impacted by COVID-19 but will eventually recover

The Sports Broadcasting Market has been impacted by the pandemic, but the consensus view is this will be transitory.

- The global value of sports media rights was USD 44.6 billion in 2020 a drop of 12% from pre-COVID-19 levels in 2019.[3]
- Growth for sports technology companies within the sector expected to be 4.5% over the next 3–5 years.[4]

In another positive development for our push into the sports segment, Linius has been invited into Amazon Web Services Independent Software Vendor ('ISV') program for launch in Q1 FY 2022. This program will see Linius Products listed in the AWS marketplace and AWS sales staff receiving commission for sales of Linius products.

3. Linius Closes In on Launch Date for Linius Whizzard for Business Product

Similarly to the work undertaken in the education sector, 2021 saw Linius invest in the development of the Whizzard product for a global launch into the business sector in the coming months. To this end, we have directed resources to near-term direct sales, along with building the broader sales pipeline ahead of releasing the product on the AWS and Zoom marketplaces, also expected in the coming quarter.

The video conferencing market is booming, with more people than ever before using platforms such as Zoom, WebEx Meetings and Microsoft Teams for remote working and learning. In addition, a significant portion of these video conference calls are being recorded.

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3 Source: SportBusiness: *GLOBAL MEDIA REPORT 2020*
https://www.sportbusiness.com/global-media-report-2020/

4 Source: PwC: *Sports Survey 2020*
https://www.pwc.com.au/industry/sports/pwc-sports-survey-2020.pdf

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

During the quarter, early client engagement confirmed that

- Linius Whizzard meets market needs to easily surface lost and forgotten information in these video calls, and to share this information through a wide range of collaboration tools;
- Linius Whizzard delivers value through efficiency, productivity and compliance use cases; and,
- New use cases for Linius Whizzard within the corporate event market exist.

Video conferencing market stats point to a huge untapped business market

The following stats point to the large potential addressable business market Linius technology could tap:

- The Video Conferencing Market size surpassed USD 14 billion in 2019 and is anticipated to grow at over 19% between 2020-2026, as 74% of companies now plan to permanently shift to more remote work; [5]
- Zoom accounts for 49% of the video conferencing market, up from 26% in 2020; [6]
- Microsoft has grown its Microsoft Teams user base from 2 million in November 2017, to 145 million in Q2 2021.[7]

Additional paths to market:

Linius progresses its patent applications

Following a strategic review in the March quarter, we are continuing to develop new patent applications for our technology, focusing on both current and future use cases.

We have recently secured our content blockchain patent, which covers the concept of a new blockchain protocol. When combined with virtual video or audio, this technology allows storage of virtual videos in a blockchain.

The core patent is for video virtualization; specifically, the segmentation of MP4 wrapped video data (regardless of encoding) independent of the headers, the construction of MP4 headers that point to external data blocks, and the reassembly of the MP4 headers and the data in the player. It is granted in all major jurisdictions and is supported by four continuation patents.

User of Linius' LVS moves towards hard launch

Grafa soft-launched to the market in December. We continue to support Grafa as it develops its business upon the Linius SaaS platform LVS with deeper functionality across their app including the personalisation of video ahead of its hard launch. The client advises that they are currently undertaking a rebuild of their technology and will further engage to develop deeper personalised video experiences in the coming months.

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5 Source: Global market insights: *Video Conferencing Market Size By Component (Hardware [Multipoint Control Unit (MCU), Codecs, Peripheral Devices], Software [On-premise, Cloud], Service [Professional, Managed]), By Type (Room-Based, Telepresence, Desktop), By Application (Corporate Enterprise, Education, Government, Healthcare), Industry Analysis Report, Regional Outlook, Growth Potential, Competitive Market Share & Forecast, 2020 – 2026* https://www.gminsights.com/industry-analysis/video-conferencing-market

6 Source: Digital Information World: *Zoom vs Google Meet vs Microsoft Teams: New data reveals the WORLD'S most POPULAR video calling platform* https://www.digitalinformationworld.com/2021/04/top-video-call-platform-by-market-share.html

7 Source: Business of Apps: *Microsoft Teams Revenue and Usage Statistics (2021) (5 May2021)* https://www.businessofapps.com/data/microsoft-teams-statistics/

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

Blockchain – BVS subsidiary developments

We believe that the combination of our core patented technology with the additional patent we have received for blockchain technology could provide a compelling B2C or B2B2C solution for content creators spanning the gamut of professional streamers to traditional studios.

In addition, such a solution could add substantial value to derivative products in the non-fungible-token (NFT) domain. NFTs, which are a mechanism for providing ownership of provenance in digital art, including video, have seen a boom in popularity in recent months.

BVS has been formed as a wholly-owned subsidiary of Linius, in order to allow it to establish the different management and engineering practices required for a B2C company without distracting from Linius' core B2B mission. BVS is currently discussing both investment and support from the artistic community, in particular independent movie producers, whose participation may be beneficial in the launch of any future offering.

Christopher Richardson
CHIEF EXECUTIVE OFFICER
31 August 2021

DIRECTORS' REPORT

Your directors present this report on the Linius Technologies Limited (the "Company") and its controlled entities (the "Group" or "Group") for the year ended 30 June 2021.

Directors

The Directors in office during the year were:

Gerard Bongiorno (Executive Chairman)

Stephen McGovern (Non-Executive Director)

Christopher Richardson (Executive Director & CEO)

John Wallace (Non-Executive Director) appointed 14th December 2020

All Directors (other than John Wallace) have been in office since the start of the financial year to the date of this report.

Company Secretary

Giuseppe Rinarelli B.Acc, CA

Mr Rinarelli is the Group's CFO and company secretary. He is an experienced finance professional having worked within a chartered environment in excess of 10 years. Mr Rinarelli was appointed as company secretary on 3 June 2019.

Principal Activities

The principal activities of the entity are those of a technology business, including development of technology products, software development and the commercialisation and licencing of its computer software, the Linius Video Virtualization Engine™, the world's first video virtualisation engine. The technology transforms large inflexible video files into small highly flexible data structures.

Operating Results and Review of Operations

The loss for the year ended 30 June 2021 after income tax expense amounted to $6,127,504 (2020 loss: $7,820,189). This loss includes non-cash share based payments expense of $203,932 (2020: $137,240) and non-cash amortisation charges of $540,000 (2020: $540,000). During the year the Company proceeded with its commercialisation activities, expanded its management and operational teams to tackle global market opportunities and continued to develop and refine its core technology and product offerings. For more information on the years activities please refer to the above Chief Executive's Review of Operations on pages 4 to 7.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

Dividends Paid or Recommended

No dividends were paid or declared for payment.

Financial Position

The net assets of the Group at 30 June 2021 were $3,450,753 (2020: $4,384,019).

DIRECTORS' REPORT CONTINUED

Going Concern

For the year ended 30 June 2021, the Group had an operating net loss of $6,127,504 (30 June 2020: $7,820,189) and net cash outflows from operating activities of $4,882,339 (30 June 2020: $7,217,631).

The ability of the Group to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business. Further details on the going concern basis of preparation used to prepare the annual financial statements are set out in note 1 to the annual financial statements.

After Balance Date Events

Capital Raising

Subsequent to year end on 2 August 2021, the Group has raised $4,000,000 in additional capital, excluding transaction costs, via a placement to:

- directors or their nominees, via the issuance of 20,000,000 fully paid ordinary shares at $0.02 per share, being $400,000, subject to shareholder approval; and
- via the additional issuance of 180,000,000 fully paid ordinary shares at $0.02 per share, being $3,600,000, which has been received subsequent to year end.

COVID-19

The COVID-19 pandemic continues to evolve and there is significant uncertainty regarding the duration of the pandemic, the severity of the downturn and the speed of economic recovery. In accordance with AASB 110 Events after the reporting date, the Group considered whether events after the reporting period confirmed conditions existing before the reporting date. The Group did not identify any subsequent events precipitated by COVID-19 related developments which would require adjustment to the amounts or disclosures in the financial statements. Further, no other material non-adjusting subsequent events relating to COVID-19 were identified requiring disclosure in the financial statements. The Group will continue to regularly review forward looking assumptions and forecast economic scenarios.

Other than the matters noted above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

Environmental Issues

There are no environmental regulations or requirements that the Company is subject to.

DIRECTORS' REPORT CONTINUED

Information on Directors

Gerard Bongiorno	—	Executive Chairman
Experience	—	Mr Bongiorno is Principal and Co-CEO of Sapient Capital Partners, a merchant banking operation and has over 30 years of professional experience in capital raisings and corporate advisory. Prior to forming Sapient (formerly Otway Capital), Gerard was Head of Property Funds Management at Challenger Financial Services Group (CFG) and was Group Special Projects Manager at Village Roadshow. Earlier in his career he worked at KPMG in insolvency and corporate finance. Gerard received his Bachelor's Degree in Economics and Accounting from Monash University and completed the Program for Management Development at Harvard Business School PMD75. Director since 21 February 2017.
Interest in Shares and Options at 30 June 2021	—	75,972,943 Ordinary shares (inclusive of 20,000,000 loan share options).
Loan shares accounted as options		20,000,000 loan shares options (included in the above).
Directorships held in other listed entities in the last 3 years	—	In the 3 years immediately before the end of the financial year, Gerard Bongiorno served as a director of the following listed companies: Dubber Corporation Limited (ASX:DUB) since July 2017

Stephen McGovern	—	Non-Executive Director
Experience	—	Mr McGovern is the CEO and Co-Founder of Dubber Corporation (ASX:DUB) and has over 25 years' experience in the fields of telecommunications, media sales, pay TV and regulatory sectors. Steve has been a senior executive of several established companies, both domestically and internationally, which have been primarily associated with new and emerging markets and have required a strong sales and solutions focus. These include pay TV, telecommunications de-regulation, internet service providers and media licensing, all of which maintain a strong sales and solutions focus, both domestically and internationally. Steve holds a Bachelor's Degree in Law (LL.B) from the University of Sheffield in the UK where he was also formerly a Sales Director of Sky Subscriber Services managing subscriber acquisition for Sky TV (now Sky UK). Between 1995 and 1998 Steve was an executive involved in the launch of the pay TV industry in Australia within the Galaxy/Austar/Foxtel network. Director since 18 April 2016.
Interest in Shares and Options at 30 June 2021	—	45,714,284 Ordinary shares
Directorships held in other listed entities in the last 3 years	—	In the 3 years immediately before the end of the financial year, Stephen McGovern served as a director of the following listed companies: Dubber Corporation Limited (ASX:DUB) since March 2015

DIRECTORS' REPORT CONTINUED

Christopher Richardson	—	Director and CEO
Experience	—	Mr Richardson is an experience executive in the internet space with global technology-sector experience. He has over 20 years' experience building organisations and products that succeed in their markets and provide exceptional shareholder value. Currently, Mr Richardson sits on the board of directors of: • Mirovoy Sales, a sales software automation company based in Prague, CZ Previously, Mr Richardson served as global General Manager of KIT digital's network-operator division, and CEO of KIT Germany, where he oversaw growth of video platform sales to network operators from $12 million US annually to over $100 million US, prior to KIT's acquisition by Piksel, Inc. Before KIT digital, Mr Richardson served in executive roles in marketing and product-management for several Silicon Valley start-ups, including: • U4EA Wireless (the world's first SMB focused Wi-Fi manufacturer, and provider of embedded wireless software; acquired by GoS Networks); and • NextHop Technologies (an embedded routing software company; acquired by Greenhills software), which he co-founded and raised Series A funding from tier-1 Silicon Valley VCs, led by New Enterprise Associates. Prior to founding NextHop technologies, Mr Richardson was a software engineer at MERIT Networks, where he helped build the early internet, developing routing protocols, and consulting with developing countries around the world on deploying the Internet; lecturing multiple times at ISOC's Developing Countries workshops in Geneva, Switzerland, and being the first non-native speaker at Russia's All Russia Telematiks conference. Mr Richardson was Visiting Professor of Internet Routing at St. Petersburg State Technical University in St. Petersburg, Russia. He studied mathematics and philosophy at the University of Michigan, where he won the William S. Branstrom Prize for academic excellence and Evelyn O. Bychinsky Award for excellence in mathematics. Director since 18 April 2016.
Interest in Shares and options at 30 June 2021	—	Nil
Directorships held in other listed entities in the last 3 years	—	Nil

DIRECTORS' REPORT CONTINUED

John Wallace	—	Non-Executive Director
Experience	—	Mr. Wallace is a media & entertainment executive with over 30 years of experience in the video industry. His career spans across broadcasting to video streaming, having a keen interest in technology. In 2007, Mr. Wallace became the President of NBCUniversal broadcast television stations, which is the company's largest broadcast division. He then served as the President of the company's operations and technology division in 2011. Mr. Wallace was named the President and Chief Operating Officer of Deluxe Entertainment in Los Angeles, California in 2015. The company is a global provider of digital services and technology solutions for content creation and delivery. At the end of 2019, Mr. Wallace retired from corporate management and has been remaining active in the M&E space via consulting engagements, primarily technology. He serves on the board of Avid Technology, Inc., a company that provides world class production technology to the video and audio sectors of the entertainment industry, as an independent director. NASDAQ: AVID. Mr. Wallace holds a Bachelor's Degree from Providence College and Master's Degree from Montclair State University. Director since 14 December 2020.
Interest in Shares and Options at 30 June 2021	—	Nil 6,000,000 shares subject to shareholder approval
Directorships held in other listed entities in the last 3 years	—	In the 3 years immediately before the end of the financial year, John Wallace served as a director of the following listed companies: Avid Technology Inc. (NASDAQ:AVID) since May 2017

DIRECTORS' REPORT CONTINUED

REMUNERATION REPORT - AUDITED

The information provided in the audited remuneration report includes remuneration disclosures that are required under the Corporations Act 2001 and other relevant requirements. These disclosures have been audited.

Key management personnel

Names and positions held of Group key management personnel (KMP) in office at any time during the year are:

Key Management Person	Position
Gerard Bongiorno	Executive Chairman
Stephen McGovern	Non-Executive Director
Christopher Richardson	Director and CEO
John Wallace	Non-Executive Director (appointed 14 December 2020)
Giuseppe Rinarelli	CFO and Company Secretary

Principles used to determine the nature and amount of remuneration

The Board determines the appropriate nature and amount of remuneration. The board may receive advice from independent remuneration consultants to ensure remuneration levels are appropriate and in line with the market. No such advice was sought for the year ended 30 June 2021. The Board ensures that the executive reward satisfies the following criteria for good reward governance practice:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive remuneration to performance;
- transparency; and
- capital management.

The framework provides for a mix of fixed and variable remuneration. There was no target mix of fixed or variable remuneration set in the current year. The variable remuneration comprises share-based payment compensation and any discretionary performance bonus payment benefits.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the directors have regard to the following indices in respect of the current financial year and prior financial period.

	2021	2020
(Loss) attributable to owners of the company	($6,127,504)	($7,820,189)
Change in share price	$0.010	($0.031)
Closing share price	$0.022	$0.012

Profit/(loss) amounts have been calculated in accordance with the Australian Accounting Standards (AASBs).

The operating loss includes significant expenditures incurred on the continued development of the Group's proprietary software technology.

Non-executive Directors and executive Director

Fees and payments to non-executive Directors and the executive Directors reflect the demands, which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board.

DIRECTORS' REPORT CONTINUED

Directors' fees

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool limit currently stands at $300,000 per annum.

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the Group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group. There is currently no remuneration related to Group performance. The contracts for service between the Group and key management personnel are on a continuing basis, the terms of which are detailed below and are not expected to change in the immediate future.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements as at 30 June 2021 are as follows:

Name:	Gerard Bongiorno
Title:	Executive Chairman
Agreement commenced:	21 February 2017
Term of agreement:	No fixed term
Details:	An annual director fee of $90,000 plus superannuation. The fee paid to Mr Bongiorno is subject to annual review by the Board. Under the terms of his agreement and as approved by shareholders at general meeting, the Company issued Mr Bongiorno with 20,000,000 loan share options in November 2017. The loan is interest-free and limited recourse in accordance with the loan terms and the LFSP rules. The LFSP rules require the loan to be repaid before a participant can sell their shares. From April 2020 for a four-month period Mr Bongiorno has forgone 50% of his director fee and any additional consulting expenses for the period, reverting to the full amount from August 2020. The Company will reimburse Mr Bongiorno for all reasonable expenses incurred in performing his duties and will pay Mr Bongiorno additional fees where he is required to perform additional consulting tasks related to the commercialisation of the Linius technology. The agreement includes a non-competition clause.

Name:	Stephen McGovern
Title:	Non-Executive Director
Agreement commenced:	18 April 2016
Term of agreement:	No fixed term
Details:	An annual director fee of $90,000 plus superannuation. The fee paid to Mr McGovern is subject to annual review by the Board. From April 2020 for a four-month period Mr McGovern has forgone 50% of his director fee for the period reverting to the full amount from August 2020. The Company will reimburse Mr McGovern for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

DIRECTORS' REPORT CONTINUED

Name:	Christopher Richardson
Title:	Director and CEO
Agreement commenced:	1 December 2015
Term of agreement:	No fixed term
Details:	An annual consultancy fee of $271,200, payable at the rate of $22,600 per month (exclusive of any GST or withholding taxes). The consultancy fee will be reviewed annually by the Board. From April 2020 Chris' monthly fee was reduced to $5,000 per month, reverting to $11,000 per month from October 2020, as well as the reduced monthly fee additional consultancy fees totalling $25,000 were paid during the period. The agreement can be terminated by the company on one months' notice or by Mr Richardson on three month's written notice. The Company will reimburse Mr Richardson for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

Name:	John Wallace
Title:	Non-Executive Director
Agreement commenced:	14 December 2020
Term of agreement:	No fixed term
Details:	As per the employment contract, the company proposes to issue 6,000,000 fully paid ordinary shares in the company, vesting over a three year period in instalments of 2,000,000 shares, which is subject to approval by shareholders. The Company will reimburse Mr Wallace for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

Name:	Giuseppe Rinarelli
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	29 May 2019
Term of agreement:	No fixed term
Details:	An annual salary fee of $130,000 plus superannuation. Under the terms of the contract, the Company granted Mr Rinarelli 1,500,000 Options in May 2019. From April 2020 for a four-month period Mr Rinarelli's salary was reduced by 20% reverting to full salary from August 2020, The Company has also granted Mr Rinarelli 949,000 options in the 2020 financial year. The agreement can be terminated by either party on one month's written notice. The Company will reimburse Mr Rinarelli for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

DIRECTORS' REPORT CONTINUED

Key Management Personnel Remuneration

Details of the nature and amounts of each major element of remuneration of each director of the Company and other key management personnel of the Group are:

2021

	Directors' fees & consultancy fees[4]	Superannuation payments	Share-based payments[5]	Total[6]	Share-based
	$	$	$	$	%
Non-executive directors:					
Stephen McGovern	86,048[2]	8,175	-	94,223	-
John Wallace	-	-	141,167	141,167	100
Executive directors:					
Christopher Richardson	145,000[3]	-	-	145,000	-
Gerard Bongiorno	154,231[1]	8,192	-	162,423	-
Executives:					
Giuseppe Rinarelli	135,020	12,144	11,889	159,053	5.8
	520,299	28,511	153,056	701,866	22%

2020

	Directors' fees & consultancy fees[4]	Superannuation payments	Share-based payments[5]	Total[6]	Share-based
Non-executive directors:					
Stephen McGovern	78,554[2]	7,462	-	86,016	-
Executive directors:					
Christopher Richardson	218,400[3]	-	-	218,400	-
Gerard Bongiorno	132,704[1]	7,477	31,185	171,366	18.2
Executives:					
Giuseppe Rinarelli	133,452	11,733	19,616	164,801	11.9
	563,110	26,672	50,801	640,583	7.9

1. Director and consultancy fees were paid to Otway Capital Consulting, a related party of Gerard Bongiorno.

2. Director fees were paid to SMG Nominees Pty Ltd, a related party of Stephen McGovern.

3. Director fees were paid to Mirovoy Sales, s.r.o. , a related party of Christopher Richardson.

4. Includes leave accruals calculated in accordance with AASB 119 Employee benefits.

5. The fair value of the share based payments is calculated at the date of grant of the option or loan share options using the binomial pricing model (for employees) and Black-Scholes option valuation model (for consultants) and allocated to each reporting period based on forecast estimated vesting dates. The fair value of ordinary shares granted is the share price at grant date. The value disclosed is the portion of the fair value recognised as an expense in each reporting period.

6. No performance related benefits have been provided during the period.

DIRECTORS' REPORT CONTINUED

Performance income as a proportion of total remuneration

Executive directors and executives were not paid performance based bonuses.

Equity instruments granted as compensation

Details on equity instruments that were granted as compensation to each key management person during the year and details on equity instruments vested during the year are as follows:

The loan share options granted are the amounts approved by way of shareholder resolution at the Company's Annual General Meeting on 28 November 2017, no further loan share options were approved or issued.

2021	Number of shares granted	Grant date	Fair value per share at grant date $	Exercise price $	Value of loans granted under the share terms	Expiry date	Total number of shares vested at 30 June 2021
Gerard Bongiorno	20,000,000	28 Nov 2017	0.026	0.05	$1,000,000	30 Nov 2022	20,000,000

During the year the following shares were granted as compensation and are yet to be issued as they are subject to shareholder approval:

2021	Number of shares granted	Grant date	Fair value per share at grant date $	Exercise price $	Expiry date	Total number of shares vested at 30 June 2021
John Wallace	6,000,000	14 Dec 2020	0.066	0.00	n/a	-

DIRECTORS' REPORT CONTINUED

Details of equity incentives affecting current and future remuneration

Details of the vesting profiles of the equity incentives held by each key management person of the Group are detailed below.

	Instrument	Number of shares or options	Grant date	% vested during the year	% forfeited in year	Financial years in which grant vests
Gerard Bongiorno	Loan share options	20,000,000	28 Nov 2017	-	-	2018-20
Giuseppe Rinarelli	Options	1,500,000	29 May 2019	33%	-	2020-2022
Giuseppe Rinarelli	Options	949,000	31 March 2020	100%	-	2021
John Wallace	Shares	6,000,000	14 December 2020	-	-	2021-2024

Subject to approval by shareholders, John Wallace will be issued 6,000,000 fully paid ordinary shares at nil consideration in instalments of 2,000,000 over a three year period.

The loan share options are accounted for as options. There are three tranches and amounts are allocated to remuneration over the vesting period for each tranche (i.e. November 2017 to November 2019).

Analysis of movements in equity instruments

The value of options and loan share options in the Company granted to and exercised by each key management person during the year is nil.

DIRECTORS' REPORT CONTINUED

Options over equity instruments

The movement during the reporting period, by number of options over ordinary shares in Linius Technologies Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance 1.7.2020	Granted/purchased during the year	Lapsed or exercised during the year	Held at 30.6.2021	Vested during the year	Total Vested and Exercisable 30.6.2021
Giuseppe Rinarelli	2,449,000	-	-	2,449,000	1,449,000	1,949,000
Total	2,449,000	-	-	2,449,000	1,449,000	1,949,000

All options expire on the earlier of their expiry date or termination of the individual's employment.

Exercise of options granted as compensation

During the period, no options were exercised.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Linius Technology Limited, held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance 1.7.2020	Received as Compensation	Acquired during the year	Balance 30.6.2021
Gerard Bongiorno	25,745,673	-	30,227,270	55,972,943
Stephen McGovern	45,714,284	-	-	45,714,284
Giuseppe Rinarelli	1,454,540	-	-	1,454,540
Total	72,914,497	-	30,227,270	103,141,767

Number of Loan Share options and ordinary shares subject to shareholder approval held by Key Management Personnel

	Balance 1.7.2020	Received as Compensation	Balance at 30.6.2021	Vested at 30.6.2021	Not vested at 30.6.2021
Gerard Bongiorno – loan share options	20,000,000	-	20,000,000	20,000,000	-
John Wallace - shares	-	6,000,000	6,000,000	-	6,000,000
Total	20,000,000	6,000,000	26,000,000	20,000,000	6,000,000

Subject to approval by shareholders, John Wallace will be issued 6,000,000 fully paid ordinary shares at nil consideration, the shares will vest over a three year period in instalments of 2,000,000 with the initial vesting occurring on the date that the share package is approved by a vote of shareholders.

Key management personnel transactions	Group 2021 $	2020 $
Transactions with related parties:		
Advisory fees paid to Otway Capital Consulting a consulting firm in which Gerard Bongiorno has an interest; disclosed as remuneration	68,000	54,000
Amounts owing to related parties (included in trade and other payables)		
Entity related to Gerard Bongiorno	6,600	4,400
Entity related to Christopher Richardson	11,000	5,000

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

END OF REMUNERATION REPORT

DIRECTORS' REPORT CONTINUED

Meetings of Directors

During the financial year, eight meetings of Directors were held. Attendance by each director was as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gerard Bongiorno	8	8
Stephen McGovern	8	8
Christopher Richardson	8	8
John Wallace	4	3

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Group. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Options

At the date of this report, the unissued ordinary shares of Linius Technologies Limited under option are as follows:

Date of Expiry		Exercise Price	Number Under Option
30/06/2022	unlisted	7.4 cents	300,000
31/12/2022	unlisted	6 cents	4,437,500
15/02/2022	unlisted	6 cents	2,000,000
15/04/2022	unlisted	5.3 cents	2,000,000
29/05/2023	unlisted	3.53 cents	1,500,000
3/06/2023	unlisted	3.59 cents	300,000
1/07/2023	unlisted	4.42 cents	300,000
8/08/2023	unlisted	4.47 cents	780,000
12/11/2021	unlisted	12 cents	250,000
12/01/2022	unlisted	12 cents	250,000
2/09/2023	unlisted	3.37 cents	195,000
30/09/2022	unlisted	4.95 cents	2,000,000
22/10/2023	unlisted	4.07 cents	75,000
30/03/2024	unlisted	1.19 cents	195,000
31/03/2024	unlisted	1 cent	15,453,245
4/05/2024	unlisted	1.65 cents	3,000,000
8/10/2024	unlisted	4.42 cents	1,500,000
16/09/2022	unlisted	2 cents	200,000
1/10/2023	unlisted	4.2 cents	5,000,000
11/08/2023	Unlisted	3 cents	25,000,000
17/05/2025	unlisted	2.41 cents	1,500,000
			66,235,745

DIRECTORS' REPORT CONTINUED

During the year ended 30 June 2021, no ordinary shares of Linius Technologies Limited were issued on the exercise of options granted.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 27 and forms part of the directors' report for the financial year ended 30 June 2021.

Non-Audit Services

During the year, KPMG, the Group's auditor, has not performed any other services in addition to the audit and review of the financial statements.
Details of the amounts paid to the auditors of the Group, KPMG, and its network firms for audit service provided during the year is set out below

In dollars	**2020**
	$
Audit and review of financial statements	88,886
Services other than audit and review of financial statements	Nil
Total paid to KPMG	88,886

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

Future Developments

Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

Corporate Governance statement

The Company's Corporate Governance Statement has been lodged with ASX and is available from Company's website at www.linius.com/corporate-governance/.

Signed in accordance with a resolution of the Board of Directors.

Gerard Bongiorno
Director

31 August 2021
Melbourne

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Linius Technologies Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Linius Technologies Limited for the financial year ended 30 June 2021 there here have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Tony Batsakis
Partner

Melbourne

31 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2021

	Note	Group 2021 $	Group 2020 $
Revenue	2	109,073	66,523
Administrative expenses		(446,831)	(377,611)
Employee benefit expenses		(2,025,395)	(1,624,423)
Amortisation expense		(540,000)	(540,000)
Consultant expenses		(394,079)	(818,381)
Depreciation expense		(23,102)	(20,180)
Director remuneration (excluding share-based payment) expenses		(333,646)	(390,598)
Impairment loss on trade receivables		(14,534)	-
Share-based payments expense	19	(203,932)	(137,240)
Financial and compliance expenses		(200,136)	(207,611)
Software development expenses		(1,717,995)	(2,744,109)
Marketing and promotional expenses		(208,233)	(573,960)
Patent costs		(75,295)	(163,202)
Legal expenses		(48,160)	(63,287)
Travel and accommodation expenses		(5,239)	(226,110)
Loss before income tax		(6,127,504)	(7,820,189)
Income tax expense	4	-	-
Loss for the year		(6,127,504)	(7,820,189)
Other comprehensive loss		-	-
Total comprehensive loss for the year		(6,127,504)	(7,820,189)
Basic loss per share (cents per share)	7	(0.42)	(0.67)
Diluted loss per share (cents per share)	7	(0.42)	(0.67)

The accompanying notes form part of the financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Group	
		2021	2020
		$	$
CURRENT ASSETS			
Cash and cash equivalents	8	1,594,108	1,597,029
Other receivables	9	120,933	125,411
TOTAL CURRENT ASSETS		1,715,041	1,722,440
NON-CURRENT ASSETS			
Intellectual property	10	2,385,000	2,925,000
Property, plant and equipment		25,509	45,158
TOTAL NON-CURRENT ASSETS		2,410,509	2,970,158
TOTAL ASSETS		4,125,550	4,692,598
CURRENT LIABILITIES			
Trade and other payables	11	591,624	254,772
Employee provisions		83,173	53,807
TOTAL CURRENT LIABILITIES		674,797	308,579
TOTAL LIABILITIES		674,797	308,579
NET ASSETS		3,450,753	4,384,019
EQUITY			
Issued capital	12	43,834,296	38,908,990
Share based payments reserve	19	5,430,793	5,161,861
Accumulated losses		(45,814,336)	(39,686,832)
TOTAL EQUITY		3,450,753	4,384,019

The accompanying notes form part of the financial report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

Group	Issued Capital $	Share Based Payments Reserve $	Accumulated Losses $	Total $
Balance 1 July 2019	32,381,556	4,986,621	(31,866,643)	5,501,534
Total comprehensive loss:				
Loss for the year	-	-	(7,820,189)	(7,820,189)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(7,820,189)	(7,820,189)
Transactions with owners of the Company:				
Shares and options issued during the year (net of capital raising costs)	6,527,434	-	-	6,527,434
Share-based payments	-	175,240	-	175,240
Total transactions with owners of the Company	6,527,434	175,240	-	6,702,674
Balance at 30 June 2020	38,908,990	5,161,861	(39,686,832)	4,384,019
Balance 1 July 2020	38,908,990	5,161,861	(39,686,832)	4,384,019
Total comprehensive loss:				
Loss for the year	-	-	(6,127,504)	(6,127,504)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(6,127,504)	(6,127,504)
Transactions with owners of the Company:				
Shares and options issued during the year (net of capital raising costs)	4,925,306	-	-	4,925,306
Share-based payments	-	268,932	-	268,932
Total transactions with owners of the Company	4,925,306	268,932	-	5,194,238
Balance at 30 June 2021	43,834,296	5,430,793	(45,814,336)	3,450,753

The accompanying notes form part of the financial report

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Group 2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		130,375	59,400
Payments to suppliers		(5,013,594)	(7,283,554)
Other income received		-	-
Interest received		880	6,523
Net cash used in operating activities	13	(4,882,339)	(7,217,631)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(3,453)	(30,409)
Net cash provided by /(used in) investing activities		(3,453)	(30,409)
CASH FLOWS FROM FINANCING ACTIVITIES			
Insurance premium funding payments	11	(107,435)	(18,565)
Proceeds from issue of shares and options		5,250,000	6,954,434
Capital raising costs paid		(259,694)	(389,000)
Net cash inflows from financing activities		4,882,871	6,546,869
Net increase/(decrease) in cash held		(2,921)	(701,171)
Cash at beginning of financial year		1,597,029	2,298,200
Cash at end of financial year	8	1,594,108	1,597,029

The accompanying notes form part of the financial report

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements comprise the financial report and notes of Linius Technologies Limited (the "Company") and its controlled entities (the "Group"), a listed Australian company incorporated in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity, involved in the development of technology products, software development and the commercialisation and licencing of computer software.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial report and notes also comply with International Financial Reporting Standards adopted by the International Accounting Standards Board. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report was authorised for issue by the Board of Directors on 31 August 2021.

Reverse Acquisition Accounting

The acquisition of Linius (Aust) Pty Ltd by the Company, in the period ended 30 June 2016, is considered to be a reverse acquisition under Australian Accounting Standards, notwithstanding Linius Technologies Limited ("the Company") being the legal parent of the Group. Consequently, the financial information presented in this Report is the financial information of Linius (Aust) Pty Ltd.

The legal structure of the Group subsequent to the acquisition of Linius (Aust) Pty Ltd is that the Company will remain as the legal parent entity. However, the principles of reverse acquisition accounting are applicable where the owners of the acquired entity (in this case, Linius (Aust) Pty Ltd) obtain control of the acquiring entity (in this case, the Company) as a result of the businesses' combination.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (the Company) but are a continuation of the financial statements of the legal subsidiary (Linius (Aust) Pty Ltd), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern

For the year ended 30 June 2021, the Group incurred an operating net loss of $6,127,504 (2020: $7,820,189) and net cash outflows from operating activities of $4,882,339 (2020: $7,217,631).

The ability of the Group to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business for a period of at least twelve months from the date of approval of these annual financial statements.

In determining that the going concern assumption is appropriate, the directors have had regard to:

- projected cash outflows, which are expected to continue for a period of at least twelve months from the date of approval of these financial statements;
- confidence in achieving expected sales through its commercialisation activities;
- prudent management of costs as required including the ability to control expenditures in line with cash resources available;
- being able to raise additional capital funds through conducting a capital raising to enable the continuation of the development and commercialisation activities as planned; and
- the Directors have prepared cash flow projections for the period from 1 July 2021 until 30 September 2022 that support the Group's ability to continue as a going concern. These cashflow projections assume the Group's ability to control expenditures to the level of funding available in addition to raising additional capital.

The Directors note that subsequent to balance date, the Group has received firm commitments from professional and sophisticated investors to raise $4,000,000 in additional capital, excluding transaction costs. Of this amount, $400,000 is subject to shareholder approval. The additional capital raised provides the Group with sufficient funding to meet its planned development and commercialisation activities for the period of the cashflow projections.

The Group's ability to continue to operate as a going concern is dependent upon the items listed above, the achievement of which is uncertain at the date of approval of these financial statements. These conditions give rise to a material uncertainty as to whether the Group will be able to continue as a going concern and, should the Group be unable to continue as a going concern it may be required to realise assets at an amount different to that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise.

(a) Income Tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Income Tax (continued)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial report. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Financial Instruments

(i) Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

(ii) Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. There were no financial assets at FVTPL during or at year end.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses are recognized in profit or loss any gain or loss on derecognition is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. There were no debt investments at FVOCI during or at year end.

Equity investments at FVOCI

These asset are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. There were no equity investments at FVOCI during or at year end.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) Impairment testing of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets of CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds it recoverable amount.

Impairment loss is recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rate basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only when to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(f) Revenue and Other Income

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The below provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Revenue and Other Income (continued)

Services rendered

Nature and timing of satisfaction of performance obligations, including significant payment terms

The Group derives its revenue primarily from 'software-as-a-service' subscriptions, where customers subscribe to access the platform and associated support services. Invoices for providing software-as-a-service and related support revenue are issued on a monthly basis and are usually payable within 30 days.

Revenue recognition under AASB 15

Services are both distinct and capable of being distinct in the context of the contract, representing a series of recurring services that the Group stands ready to perform over the contract term. Revenue is typically recognised on services over time as a series of services performed over the contract term.

Government grant revenue is recognised on receipt.

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

(g) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the 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.

(i) Comparative Figures

Where required by Accounting standards, comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

(j) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The Group has considered the impact of COVID-19 and associated market volatility in preparing its financial statements. The impact of COVID-19 has resulted in the application of further judgement in the areas in which significant judgement already occurs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Critical Accounting Estimates and Judgments (continued)

Given the dynamic and evolving nature of COVID-19 and based on impacts to date, COVID-19 has been considered in respect of impairment as noted below.

Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amount of the Group's intangible assets incorporate a number of key estimates.

Management has also made reasonable assumptions of the impact of COVID-19 when determining the cash flow projections to be used for the value in use calculations; the COVID-19 impact has not been material to the value-in-use calculations.

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is typically determined using a binomial option pricing model.

(k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Linius Technologies Limited.

(l) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Expected credit loss is calculated in accounting policy as outlined in note 1(v) below.

Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other receivables (continued)

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(m) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(n) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(p) Earnings per share

Basic earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earnings per share (continued)

Diluted earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Foreign currency translation

Both the functional and presentation currency of Linius Technologies Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of any foreign subsidiary is translated into the presentation currency of Linius Technologies Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share-based payments

The Company has issued options and shares to directors and employees as part of their remuneration arrangements and has issued options and shares to third parties in consideration for acquisitions, settlement of loans, acquisition fees and for consultancy services received. The cost of these equity-settled transactions has been measured by reference to the fair value of the equity instruments granted, namely the market value of the Company's shares on the dates when agreements were reached to issue those shares. The grant-date fair value of equity settled share-based payments arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(s) Parent entity financial information

The financial information for the parent entity, Linius Technologies Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. The investment amounts are assessed for recoverability and an impairment is recorded where the recoverable amount is lower than cost. The recoverable amount is determined by taking into account the market capitalisation of the Group at balance date.

Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(iii) Receivables from subsidiaries

These receivables are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

(t) Plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Plant and equipment

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lovers unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful loves of the property, plant and equipment for current and comparative periods are as follows:

- IT equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(u) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI. The Group did not have any debt investment of FVOCI during and as at 30 June 2021; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment (continued)

Non-derivative financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(w) Adoption of new and revised standards

Standards issued but not yet effective

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. The Group has not early adopted any standards during the current period in preparing these consolidated financial statements.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group's financial statements.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: REVENUE

	Group	
	2021	2020
	$	$
Revenue for services rendered	108,193	60,000
Other revenue:		
Interest received	880	6,523
Total revenue	109,073	66,523

During the year $100,000 (2020: nil) was received in government grants as part of Covid-19 assistance. This amount has been recorded as a reduction in employee expenses.

NOTE 3: LOSS FOR THE YEAR

	Group	
	2021	2020
	$	$
Other expenses:		
Occupancy costs	21,849	101,866

NOTE 4: INCOME TAX EXPENSE

	Group	
	2021 $	2020 $
(a) Income tax expense		
Current tax benefit	(1,620,907)	(2,111,759)
Deferred tax – origination and reversal of temporary differences	(8,076)	(187)
Deferred tax assets not recognised	1,628,983	2,111,946
	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable on profit/loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating loss at 27.5%	(1,685,064)	(2,150,552)
Add / (Less)		
Tax effect of:		
Share based payments	56,081	37,741
Other non-allowable items	-	865
Unused tax losses and other balances not recognised as deferred assets	1,628,983	2,111,946
Income tax attributable to operating loss	-	-
(c) Unrecognised deferred tax assets		
Unused Australian tax losses for which no deferred tax asset has been recognised	9,976,717	8,355,810
Temporary differences not recognised	22,873	14,797
Total	9,999,590	8,370,607

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2021 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this current point in time. These benefits will only be obtained if:

i. The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. The Group continues to comply with conditions for deductibility imposed by law; and

iii. No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

NOTE 5 : KEY MANAGEMENT PERSONNEL

The total of remuneration paid to KMP of the Group during the period are as follows:

	Group	
	2021	2020
	$	$
Short-term employee benefits	548,810	589,782
Share-based payments	153,056	50,801
	701,866	640,583

NOTE 6: AUDITOR'S REMUNERATION

	Group	
	2021	2020
	$	$
Remuneration of the auditor for services provide to the Group and the Parent during the year:		
Audit and review services	88,886	87,437
KPMG: auditing and reviewing of financial statements		
	88,886	87,437

NOTE 7: EARNINGS/LOSS PER SHARE

		Group	
		2021	2020
		$	$
a.	Reconciliation of earnings to profit or loss		
	Loss used to calculate basic and diluted EPS	(6,127,504)	(7,820,189)
		No.	No.
b.	Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	1,460,313,973	1,161,254,794

Potential ordinary shares comprising 43,571,745 options (2020: 44,022,625) were excluded in the calculation of diluted EPS given they are antidilutive.

NOTE 8: CASH AND CASH EQUIVALENTS

	Group	
	2021	2020
	$	$
Cash at bank	1,594,108	1,597,029

The effective interest rate on short-term bank deposits was varying between 0.1% to 1.1%.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,594,108	1,597,029

NOTE 9: OTHER RECEIVABLES

	Group	
	2021	2020
	$	$
CURRENT		
Accounts receivable	7,090	21,134
GST receivable	-	15,970
Prepaid expenses and other receivables	113,843	88,307
	120,933	125,411

Accounts receivable are shown net of impairment losses of $14,534 (2020:nil)

NOTE 10: INTELLECTUAL PROPERTY

The Group acquired the intellectual property associated with the Linius technology from an unrelated party in the financial period ended 30 June 2016. The intellectual property includes patents, copyright, confidential information and trademarks. In accordance with accounting standards and the Group accounting policies this asset is treated as having a finite life and is being amortised over 10 years.

	Group	
	2021	2020
	$	$
Intellectual property at cost	5,400,000	5,400,000
Accumulated amortisation	(3,015,000)	(2,475,000)
	2,385,000	2,925,000

NOTE 10: INTELLECTUAL PROPERTY (CONTINUED)

The directors have assessed the value and useful life of the intellectual property at balance date.

The cost of the intellectual property was established upon the purchase of the intellectual property through a third party transaction during the financial period ended 30 June 2016. The value of the intellectual property was further validated through the reverse takeover process and capital raising undertaken by Linius Technologies Limited (Linius) in April/May 2016. During this process an independent report was commissioned, which gave the directors comfort that the intellectual property purchased was covered by valid patents, trademarks and copyright.

The directors note that the intellectual property is at an early stage in its commercial life, with the associated technology recently commencing commercialisation. The value and lifespan of the owned intellectual property continues to be enhanced by further patent registrations in new jurisdictions across the world and through continued development of the technology associated with the intellectual property.

The directors have currently assessed the useful life of the intellectual property as being 10 years. The directors consider that a 10 year useful life is reasonable and appropriate and have amortised the value of intellectual property at balance date on that basis.

Recoverability of the intellectual property

Notwithstanding the losses incurred by the Group, based on alternate positive factors such as the Group's market capitalisation, progress of its commercialisation activities and the technical capability of the underlying technology, there is insufficient evidence of indicators of impairment.

Whilst the intellectual property is accounted for as a definite life asset, the directors have assessed that the recoverable value of the intellectual property exceeds its carrying value at 30 June 2021 due to the following:

Market capitalisation approach

Since listing on ASX, the shares of Linius have traded in a ready market, supporting the value of the intellectual property asset. The assets of the Group at 30 June 2021 consist principally of cash of $1,594,108 and intellectual property, after amortisation, of $2,385,000. Net assets are $3,450,753.

Linius shares closed at a price of 2.2 cents per share on 30 June 2021. Total fully paid ordinary shares on issue at 30 June 2021 are 1,511,628,068. This gives a market capitalisation of Linius of $33,255,817. Given the development nature of the Group's operations, the directors believe that the recoverable amount of the intellectual property on the balance sheet at 30 June 2021 is supported by the market value of Linius.

Subsequent to year end the Group has raised additional share capital at $0.02 per share. Applying this price to the total number of shares after the capital raise of 1,711,628,068 implies a market capitalisation of $34m which is above the net assets of $3,450,753 at 30 June 2021.

Discounted cashflow approach

Management has also performed an alternative analysis to determine the recoverable amount of the CGU (being the Group as a whole at this stage of the Group's lifecycle), which was estimated based on the value in use of the Group, determined by discounting the future cash flows to be generated from the continuing use of the Group's intellectual property.

- Cash flows were forecast for a five year period. The terminal value of the Group was based on the fifth year cash flow and a long-term growth rate of 2.5%, which is consistent with market assumptions of the long term growth target for Australia.
- Revenue was based on a staged pipeline of income being earned, which is anticipated to grow in FY22 and FY23 based on the number of customer take-on of the Linius technology. From 2023 to 2025 it is based on a compounded growth. Expenses are set based on the 2022 budget, increasing by anticipated growth required to the support the increase in revenue forecast.
- An after tax discount rate of 15% (pre-tax 18.85%) was applied in determining the recoverable amount of the Group. The discount rate was estimated based on an industry average weighted-average cost of capital and applying a premium to the industry average due to the Group being in its growth phase and the risks inherent in the cash flow forecast.

NOTE 11: TRADE AND OTHER PAYABLES

	Group	
	2021	2020
	$	$
Trade payables*	394,165	123,995
Insurance premium funding**	104,281	77,122
Sundry payables and accrued expenses	93,178	53,655
	591,624	254,772

* Terms of trade are in line with normal commercial terms (usually 30 to 60 days).

Reconciliation of movements of liabilities to cash flows arising from financing activities.

** Initial loan balance of $129,322 (2020: $95,597) was non cash as the insurance premium was paid directly by financier. During the year, $107,435 (2020: $18,475) was repaid. Nominal interest rate is 8.79% (2020: 8.12%) and this loan is repayable by February 2022.

NOTE 12: ISSUED CAPITAL AND RESERVES

	Note	$ Group	Number (Legal parent)
Issued Capital			
2021			
Opening balance 1 July 2020		38,908,990	1,310,329,369
Issue of shares through private placement (net of costs)*		4,925,306	201,298,699
At reporting date		43,834,296	1,511,628,068

The Company has issued share capital amounting to 1,511,628,068 ordinary shares of no par value.

	Note	$ Group	Number (Legal parent)
2020			
Opening balance 1 July 2019		32,381,556	1,013,026,120
Issue of options		4,434	-
Issue of shares through private placement (net of costs)*		6,523,000	296,753,249
Issue of shares as share based payment to consultants**		-	550,000
At reporting date		38,908,990	1,310,329,369

*Net of $65,000 (2020: $38,000) of share based payment transaction costs and $259,694 (2020: $389,000) of other transaction costs.

**Net of $17,050 of share based payments expense recorded in the profit and loss and share based payments reserve.

NOTE 12: ISSUED CAPITAL AND RESERVES (CONTINUED)

	Legal parent entity	
Ordinary shares	2021 No.	2020 No.
Opening balance	1,310,329,369	1,013,026,120
Fully paid shares issued during the year		
— July 2019 (issue of shares by private placement to directors)	-	28,571,430
— October 2019 (issue of shares by private placement)	-	119,696,980
— October 2019 (issue of shares by private placement)	-	7,575,750
— November 2019 (share based payment of consulting fees)	-	275,000
— December 2019 (issue of shares by private placement to directors)	-	9,090,909
— December 2019 (share based payment of consulting fees)	-	275,000
— May 2020 (issue of shares by private placement)	-	131,818,180
— July 2020 (issue of shares by private placement to directors)	22,727,270	-
— October 2020 (issue of shares by private placement)	171,071,429	-
— December 2020 (issue of shares by private placement to directors)	7,500,000	-
At reporting date	1,511,628,068	1,310,329,369

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. All ordinary shares rank equally with regard to the Company's residual assets.

NOTE 12: ISSUED CAPITAL AND RESERVES (CONTINUED)

NATURE AND PURPOSE OF RESERVES

Share-Based Payments Reserve

This reserve is used to record the equity value of share based payment expenses incurred as consideration for employee and consultant services.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being an early stage technology company, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development of software, early stage business commercialisation initiatives and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2021 is as follows:

	Group	
	2021	2020
	$	$
Cash and cash equivalents	1,594,108	1,597,029
Trade and other receivables	120,933	125,411
Trade and other payables and other liabilities	(674,797)	(308,579)
Working capital position	1,040,244	1,413,861

NOTE 13: CASH FLOW INFORMATION

	Group 2021 $	2020 $
Cash flows excluded from loss attributable to operating activities:		
Loss after income tax	(6,127,504)	(7,820,189)
Non cash items		
- Depreciation	23,102	20,180
- Amortisation	540,000	540,000
- Share-based payments expense	203,932	137,240
Changes in assets and liabilities		
- Increase/(decrease) in provisions	29,366	679
- Increase/(decrease) in trade payables and accruals	444,287	(256,519)
- (Increase)/decrease in trade receivables and prepayments	4,478	160,978
Cash flows used in operating activities	(4,882,339)	(7,217,631)

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: RELATED PARTY TRANSACTIONS

	Group 2021 $	Group 2020 $
(i) Transactions with key management personnel:		
Advisory fees paid to Otway Capital Consulting, a consulting firm in which Gerard Bongiorno has an interest; disclosed as remuneration	68,000	54,000
(ii) Amounts owing to key management personnel (included in trade and other payables):		
Entity related to Gerard Bongiorno	6,600	4,400
Entity related to Christopher Richardson	11,000	5,000

Refer to Note 19 for share based payment transactions.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 15: INTERESTS IN CONTROLLED ENTITIES

The parent company had the following controlled entities:

Name of the subsidiary	Place of incorporation	Class of shares	% Held 2021	% Held 2020
Linius (Aust) Pty Ltd	Australia	Ordinary	100%	100%
Linius Solutions Pty Ltd	Australia	Ordinary	100%	100%
Linius UK Ltd	UK	Ordinary	100%	100%
Linius Inc.	USA	Ordinary	100%	100%
Linius Blockchain Pty Ltd	Australia	Ordinary	100%	100%
Linius Blockchain Inc.	USA	Ordinary	100%	100%

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

NOTE 16: OPERATING SEGMENTS

Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

There is only one reportable segment, being the development of computer software.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the consolidated statement of financial position.

NOTE 17: COMMITMENTS

There are no material lease or other commitments as at balance date. The entity operates from premises which are leased on a short-term tenancy. The contractual lease commitment in the next twelve months is $36,494.

NOTE 18: CONTINGENCIES

There are no contingent assets or liabilities as at balance date.

NOTE 19: SHARE-BASED PAYMENTS

Share option and loan share schemes

Employee share option plan

An employee share option plan (ESOP) has been established by the Group, whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the Company to personnel of the Group. The options are issued for nil consideration and are granted in accordance with time based and/or performance targets established by the Board.

Loan funded share plan

A loan funded share plan (LFSP) has been established by the Group, pursuant to which, at the discretion of the Board, fully paid ordinary shares in the Company may be acquired by certain key personnel and Directors using financial assistance given by the Company. Participants will acquire or be issued loan funded shares at market value as at the grant date using a loan provided by the Company. The loan is interest-free and limited recourse in accordance with the loan terms and the LFSP rules. The LFSP rules require the loan to be repaid before a participant can sell their shares. The shares are granted in accordance with time based and/or performance targets established by the Board. The loan funded shares are accounted for as options and the fair value is recorded as an expense over the vesting period.

NOTE 19: SHARE-BASED PAYMENTS (CONTINUED)

Share options and loan share options (equity settled)

The key terms and conditions of share options and loan share options on issue are as follows; all options are to be settled by the physical delivery of shares.

Grant date	Number of instruments	Exercise price	Vesting conditions	Contractual life of options
Options granted to Employees:				
On 7 August 2018	300,000	7.4 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 13-21 December 2018	4,437,500	6 cents	33% vesting in 6 months, 33% vesting in 18 months and 33% vesting in 30 months	4 years
On 3 June 2019	300,000	3.59 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 1 July 2019	300,000	4.42 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 8 August 2019	195,000	4.47 cents	25% vesting on each of 1st, 2nd, 3rd and 4th anniversary of employment date	4 years
On 2 September 2019	195,000	3.37 cents	25% vesting on each of 1st, 2nd, 3rd and 4th anniversary of employment date	4 years
On 22 October 2019	75,000	4.07 cents	25% vesting on each of 1st, 2nd, 3rd and 4th anniversary of employment date	4 years
On 30 March 2020	780,000	1.19 cents	25% vesting on each of 1st, 2nd, 3rd and 4th anniversary of employment date	4 years
On 31 March 2020	16,840,245	1 cent	100% vesting on 1st April 2021	4 years
On 9 October 2020	1,500,000	4.42 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 17 May 2021	1,500,000	2.41 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
	26,422,745			
Options granted to Key Management Personnel				
On 29 May 2019	1,500,000	3.53 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 31 March 2020	949,000	1 cent	100% vesting on 1st April 2021	4 years
	2,449,000			

NOTE 19: SHARE-BASED PAYMENTS (CONTINUED)

Grant date	Number of instruments	Exercise price	Vesting conditions	Contractual life of options
Options granted to consultants:				
On 15 February 2019	2,000,000	6 cents	Vested on issue	3 years
On 26 March 2019	2,000,000	5.3 cents	Vested on issue	3 years
On 9 August 2019	500,000	12 cents	Vesting upon share price closing at 12 cents	2.3 years
On 30 September 2019	2,000,000	4.95 cents	Vested on issue	3 years
On 14 April 2020	3,000,000	1.65 cents	Vested on issue	3 years
On 16 September 2020	200,000	2 cents	Vested on issue	2 years
On 18 September 2020	5,000,000	4.2 cents	Vested on issue	3 years
	14,700,000			
Loan share options and shares granted to key management personnel				
Loan share options - On 28 November 2017	20,000,000	5.0 cents	50% vesting on issue, 25% vesting in 12 months, 25% vesting in 24 months	5 years
Shares granted – subject to shareholder approval	6,000,000	0 cents	The shares will vest in equal instalments of 33% over 3 years. The initial vesting will occur on the date that the share package is approved by a vote of shareholders.	n/a

Share based payments (equity settled) expense recognised in profit or loss

	2021 $	2020 $
Options		
Options issued to KMPs:		
- Giuseppe Rinarelli	11,889	19,616
Options issued under the ESOP	42,238	54,672
Options issued to consultants	73,638	69,767
Cost of options issued to consultants for capital raising services, applied against equity	(65,000)	(38,000)
	62,765	106,055
Shares		
Shares issued to KMPs:		
- Gerard Bongiorno – Loan funded shares	-	31,185
- John Wallace – right to acquire shares	141,167	-
	203,932	137,240

NOTE 19: SHARE-BASED PAYMENTS (CONTINUED)

Reconciliation of outstanding share options and loan share options – equity settled

The number and weighted-average exercise prices of share options under the share option programmes were as follows:

Options on issue	*Number of options 2021*	*Weighted average exercise price 2021*	*Number of options 2020*	*Weighted average exercise price 2020*
Outstanding at 1 July	44,022,625	3 cents	115,645,850	12.8 cents
Options expired during the year	(8,650,880)	2.5 cents	(100,908,350)	13.9 cents
Options exercised during the year	-	-	-	-
ESOP options granted during the year	3,000,000	3.42 cents	23,785,125	1.36 cents
Options issued during the year	200,000	2 cents	500,000	12 cents
Options issued during the year	5,000,000	4.2 cents	2,000,000	4.95 cents
Options issued during the year	-		3,000,000	1.65 cents
Outstanding at 30 June	43,571,745	3.0 cents	44,022,625	3.0 cents
Exercisable at 30 June	35,974,245	2.7 cents	12,912,500	4.3 cents

*Loan share options on issue**	*Number of loan share options 2021*	*Weighted average price 2021*	*Number of loan share options 2020*	*Weighted average price 2020*
Outstanding at 1 July	20,000,000	5.0 cents	20,000,000	5.0 cents
Loan share options granted during the year	-	-	-	-
Outstanding at 30 June	20,000,000	5.0 cents	20,000,000	5.0 cents
Vested at 30 June	20,000,000	5.0 cents	20,000,000	5.0 cents

* Loan share options are accounted for as options in the financial accounts.

NOTE 19: SHARE-BASED PAYMENTS (CONTINUED)

The fair value of the equity-settled share options granted in the current year is estimated as at the date of grant using an independent valuation, which is based on the binomial model (for employees) and Black-Scholes option valuation model (for consultants), which considers the terms and conditions upon which the options were granted:

30 June 2021	1,500,000 Unlisted ESOP options	1,500,000 Unlisted ESOP options	200,000 Unlisted options	5,000,000 Unlisted options
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	70%	70%	70%	70%
Risk-free interest rate (%)	0.21%	0.45%	0.19%	0.245%
Expected life of option (years)	4	4	2	3
Exercise price (cents)	$0.0442	$0.0241	$0.02	$0.042
Grant date share price	$0.026	$0.035	$0.036	$0.030
Grant date fair value	$0.011	$0.020	$0.02	$0.013
Grant date	9 Oct 2020	17 May 2021	16 Sep 2020	18 Sep 2020

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

NOTE 20: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks. The main purpose of non-derivative financial instruments is to raise finance for Group operations. The Group does not speculate in the trading of derivative instruments.

i. Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis.

ii. Financial Risk Exposures and Management

Interest rate risk

The Group's exposure to financial risk is limited to interest rate risk arising from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings is 0.06% at 30 June 2021 (2020: 0.33%). All other assets and liabilities are non-interest bearing.

Interest rate sensitivity

Had the interest rate moved by 10 basis points with all other variables held constant, the post tax loss and equity would have decreased / increased by $1,594 (2020: $1,597).

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitors the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. The financial liabilities of the Group are confined to trade and other payables which have a contractual due date of less than two months. The Board manages liquidity risk by monitoring forecast cash flows against actual liquidity level on a regular basis.

There are no unused borrowing facilities from any financial institution.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

There are no material amounts of collateral held as security at balance date. Credit risk is reviewed regularly by the Board. It arises through deposits with financial institutions. The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties. Only banks and financial institutions with an 'A' rating are utilised.

The Group only invests in listed available-for-sale financial assets that have a minimum 'A' credit rating. Unlisted available-for-sale financial assets are not rated by external credit agencies. These are reviewed regularly by the Group to ensure that credit exposure is minimised.

The credit risk for counterparties included in trade and other receivables at balance date is low.

The Group holds cash deposits with Australian banking financial institutions, namely the National Australia Bank (NAB). The NAB has an AA rating with Standard & Poors.

Price risk

The Group is not exposed to commodity price risk.

Foreign currency risk

The Group makes payments in GBP in respect of employees and consultants based in the UK. Funds transferred from Australia are at spot rates and there are no hedges in place.

b. Financial Instruments

i. Derivative Financial Instruments

Derivative financial instruments are not used by the Group.

ii. Financial instrument composition and liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and excluded contractual interest payments.

30 June 2021	Carrying amount $	1-12 months $
Non-derivative financial liabilities		
Trade and other payables	487,343	487,343
Insurance premium funding	104,281	104,281
Total Financial Liabilities	591,624	591,624
30 June 2020		
Non-derivative financial liabilities		
Trade and other payables	177,650	177,650
Insurance premium funding	77,122	77,122
Total Financial Liabilities	254,772	254,772

iii. Net Fair Values

Financial assets (cash and other receivables) and financial liabilities (trade and other payables) are carried at amortised cost which approximates their fair values.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

Capital raising

Subsequent to year end on 2 August 2021, the Group raised additional capital sophisticated investors to raise $4,000,000 in additional capital, excluding transaction costs, via a placement to:

- directors or their nominees, via the issuance of 200,000 fully paid ordinary shares at $0.02 per share, being $400,000, subject to shareholder approval; and
- via the additional issuance of 180,000,000 fully paid ordinary shares at $0.02 per share, being $3,600,000.

COVID-19

There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. In accordance with AASB 110 Events after the reporting date, the Group considered whether events after the reporting period confirmed conditions existing before the reporting date. Consideration was given to the macro-economic impact of lockdowns implemented locally and overseas and the extent government support available. The Group did not identify any subsequent events precipitated by COVID-19 related developments which would require adjustment to the amounts or disclosures in the financial statements. Further, no other material non-adjusting subsequent events relating to COVID-19 were identified requiring disclosure in the financial statements. Given the fluid nature of the current situation, the Group will continue to regularly review forward looking assumptions and forecast economic scenarios.

Other than the matters noted above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

NOTE 22: PARENT ENTITY DISCLOSURES

The following information is related to the legal parent entity Linius Technologies Limited as at 30 June 2021:

Financial position	2021 $	2020 $
Assets		
Current assets	1,624,728	1,562,189
Non-current assets	18,396,065	14,321,364
Total assets	20,020,793	15,883,553
Liabilities		
Current liabilities	194,510	159,601
Total liabilities	194,510	159,601

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: PARENT ENTITY DISCLOSURES (CONTINUED)

Financial position (continued)	2021 $	2020 $
Equity		
Issued capital	59,475,250	54,549,945
Option premium reserve	36,462	36,462
Share based payments reserve	5,430,793	5,161,861
Accumulated losses	(45,116,222)	(44,024,316)
Total equity	19,826,283	15,723,952

Financial performance	2021 $	2020 $
Loss for the year	1,091,906	30,182,635
Total comprehensive loss	1,091,906	30,185,635

For details on commitments, see Note 17.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Linius Technologies Limited ("the Company"):

   (a) the consolidated financial statements and notes that are set out on pages 28 to 65 and the Remuneration report on pages 16 to 23 in the Directors' report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2021.

3. The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors.

Gerard Bongiorno
Director
31 August 2021

KPMG

Independent Auditor's Report

To the shareholders of Linius Technologies Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Linius Technologies Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Material uncertainty related to going concern

We draw attention to Note 1, "Going Concern" in the financial report. The conditions disclosed in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. This included:

- Analysing the cash flow projections by:
    - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices;
    - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the client, its industry and financial position to assess the level of associated uncertainty.
- Reading Directors' minutes and other underlying documentation for recent capital raisings completed to understand the Group's ability to raise additional shareholder funds, including assessing the level of associated uncertainty.
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principal matters giving rise to the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Impairment indicators for intellectual property ($2,385,000)	
Refer to Note 10 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Impairment indicators for Intellectual property is a key audit matter due to: • the significance of the balance (being 57.8% of total assets); and • the greater level of audit effort to evaluate the Group’s assessment of impairment indicators in accordance with AASB 136 *Impairment of Assets*. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of the intellectual property. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group’s determination that no such indicators existed. In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of the Group’s activities. In addition to the assessment above, given the financial performance and position of the Group, we paid particular attention to: • The progress of the intellectual property in terms of software development and its target industry sectors. • The ability of the Group to fund the continuation of commercialization activities. • Progress of its customer contract negotiation activities with current clients and potential target clients. • Current market capitalization and implied market capitalisation value from recent capital raisings compared to the net assets at balance date. We further considered the Group’s discounted cashflow approach and business plan.	Our procedures included: • We assessed the appropriateness of the Group’s accounting policies for the recoverability of intellectual property against the requirements of the accounting standard and our understanding of the business and industry practice. • We assessed the Group’s estimate of the remaining useful life of the intellectual property considering the Group’s impairment indicators and progress of commercialization of intellectual property. • We assessed the Group’s intellectual property impairment indicators which includes the Group’s market capitalization approach and progress of its commercialisation activities. Our procedures included: o We evaluated Group documents, such as minutes of Board meetings, the business plan and proposals to customers, for consistency with the Group’s stated intentions to commercialise the intellectual property in terms of software development and plans for new commercialisation activities for target industry sectors. We checked this through enquiries with key operational and finance personnel. o We recalculated the Group’s market capitalization based on the recent quoted share price on the ASX and the share price for capital raised during the year and subsequent to balance date, multiplied by the shares on issue and compared this to the Group’s net assets at balance date. o We obtained the Group’s new customer contracts entered into during and subsequent to balance date and compared to the Group’s plans for new commercialization activities.

KPMG

	• We further analysed the Group's determination of recoverable amount of the intellectual property through successful continued development and commercialisation by evaluating the Group's assessment of forecast revenues and expenses in their discounted cashflow approach. This included: ○ comparing the Group's forecast cashflows to fund its commercialisation activities to the cashflow projections used in the Group's assessment of going concern, and tested by us, as outlined in the Material Uncertainty Related to Going Concern; and ○ we considered the sensitivity of the Group's discounted cashflow model by varying key assumptions, such as forecast revenue. We did this to identify inconsistencies with the Group's market capitalisation approach. • Assessed the adequacy of financial report disclosures in respect of the carrying value of intellectual property using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Linius Technologies Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf
This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Linius Technologies Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 16 to 23 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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Tony Batsakis
Partner

Melbourne

31 August 2021

ADDITIONAL INFORMATION FOR LISTED COMPANIES

1. Shareholdings as at 20 August 2021

1a. Distribution of Shareholders

Category (size of holding)	Number of Holders	Number of Ordinary Shares
1 – 1,000	49	7,629
1,001 – 5,000	90	336,934
5,001 – 10,000	227	1,934,545
10,001 – 100,000	1,813	79,677,336
Above 100,001	1,386	1,610,912,624
	3,565	1,692,869,068

Unquoted Securities

As at 20 August 2021, there are 66,235,745 options over unissued shares of Linius Technologies. These options are held by 27 holders, all with holdings 100,000 or more.

1b. The number of shareholdings held in less than marketable parcels is 679.

1c. The names of the substantial shareholders listed in the holding Group's register as at 20 August 2021 is:

Shareholder	Number Ordinary	%
Earthrise Holdings Pty Ltd <Campion Investment A/C>	96,550,620	5.70

1d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

—Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

- There are no voting rights attached to options.

ADDITIONAL INFORMATION FOR LISTED COMPANIES (CONTINUED)

1e. 20 Largest Shareholders — Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Earthrise Holdings Pty Ltd <Campion Investment A/C>	90,000,000	5.32%
2	Anbaume Pty Ltd	74,972,943	4.43%
3	Steven McGovern Nominees Pty Ltd	40,000,000	2.36%
4	One Managed Investment Funds Ltd <TI High Conviction A/C>	36,533,334	2.16%
5	HSBC Custody Nominees (Australia) Ltd	36,357,972	2.15%
6	Parlin Investments Pty Ltd <Parlin Discretionary A/C>	30,000,000	1.77%
7	VR Corporate Services Pty Ltd	20,000,000	1.18%
8	UBS Nominees Pty Ltd	18,785,714	1.11%
9	One Managed Investment Funds Limited <TI Growth A/C>	17,106,773	1.01%
10	One Managed Investment Funds Ltd <TI Absolute Return A/C>	16,076,354	0.95%
11	HARRKJIBSS Pty Ltd <Harris Family A/C>	15,500,000	0.92%
12	Mr Paolo D'Angelo	15,011,111	0.89%
13	Bogan River Investments Pty Ltd	15,000,000	0.89%
14	Mr Anthony Finbar O'Hanlon	15,000,000	0.89%
15	Platinum Holdings Pty Ltd <R M Davis FMY Settlement A/C>	15,000,000	0.89%
16	Archaea Pty Ltd <The Archaea A/C>	14,285,716	0.84%
17	Ellismi Pty Ltd <The Soo Family A/C>	13,649,644	0.81%
18	C & D Capital Investments Pty Ltd <C & D Capital Unit A/C>	13,202,442	0.78%
19	KEA Holdings Pty Ltd <IOS Holding A/C>	12,500,000	0.74%
20	Aberdeen Family Holdings Pty Ltd <Aberdeen Family A/C>	12,142,857	0.72%
		521,124,860	30.78%
	Total number of ordinary fully paid shares held	1,692,869,068	

2. The name of the Company Secretary is Mr Giuseppe Rinarelli.

3. The address of the principal registered office in Australia is:

   Suite 1,

   2A River Street,

   SOUTH YARRA VIC 3141

4. Registers of securities are held at the following addresses:

   Advance Share Registry

   110 Stirling Hwy

   NEDLANDS WA 6009

5. Securities Exchange Listing

   Linius Technologies Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

   Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.