

**ASX Announcement | 29 October 2021**

**Quarterly Activities Report & Appendix 4C – Period ending 30 September 2021**

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## **First commercial deal signed for Education Whizzard product; Sports Solution product receives strong viewer adoption**

### **Key Highlights:**

- **Linus Whizzard in the education sector:**
  - Commercialisation of Linus' Whizzard product significantly progressed.
  - First commercial agreement signed with the University of Newcastle, with revenues now received.
  - Linus Whizzard product now in trials with other respected universities, which have identified new use cases and opportunities for higher revenue per client.
  - Linus expands the sales team servicing its core target sector of Education as interest in the Whizzard product builds.
  - Continued development of product enhancements occurs, focusing on key area of Artificial Intelligence/Machine Learning.
  - Linus Whizzard connectors are now being built for the Education market, with the selection of key learning management systems now completed and development underway.
  - The partner ecosystem expands to facilitate acceleration of commercial activity and deeper integration of Linus Whizzard.
  - Linus joins key industry bodies and programs, providing multi-level engagement pathways into the sector and its key decision makers.
  
- **Linus Sports**
  - Linus Sports Solution is validated in the market with clients including Racing.com, Wolverhampton Wanderers and the Australian National Basketball League (NBL) reporting increased usage in the quarter.
  - NBL contract now delivering recurring revenues ahead of season launch in December 2021.
  - The adoption of the Linus Sports Solution product by English Premier League Football Club, Wolverhampton Wanderers (Wolves) delivers a material increase in viewer engagement.
  - Linus and Swanbay host a sports webinar, resulting in a strong sales pipeline of other sporting leagues and clubs in the UK and across Europe.
  - AWS published a case study highlighting the benefits Racing.com has gained from deployment of the Sports Solutions products, including big jumps in key user engagement.
  - Investment continues in the new Linus' Sports FX Widget product.
  - Linus expands its sales team with the introduction of new sales partnerships.
  
- **Linus Whizzard in the enterprise sector:**
  - Linus' Whizzard for Business product released on the AWS Marketplace.
  - Linus accepted into AWS ISV (Independent Software Vendor) Accelerate Program, with AWS staff now incentivised to sell Linus Whizzard for Business.
  - Linus continued to invest in product enhancements including the self-serve functionality of a '7-day free trial' program with options to subscribe to a monthly paid plan.
  - Mass SaaS marketing campaign planning completed and ready for official launch of Linus Whizzard upon final release of the product to the Zoom Marketplace in the December quarter.
  - Both AWS and Zoom undertook a rigorous technology due diligence process on Whizzard and passed the product for listing.
  - Development and integration planning continued for Webex Meetings and Microsoft Teams.

- **Linus appoints new CEO and CTO after quarter's end**

- After an extensive search process, Linus has appointed James Brennan as its new Chief Executive Officer (CEO) and Clive Malcher as its Chief Technology Officer (CTO).
- Their key job responsibilities will be to accelerate revenue growth across the Company's existing suite of products and to contribute to new product development.

Linus Technologies Limited (ASX: LNU) (**Company** or **Linus**) is pleased to provide its Quarterly Activities Report and Appendix 4C for the quarter ending 30 September 2021, along with the following financial and operational update.

### **Existing Linus product suite generating contracts and industry recognition**

From a group perspective, the September 2021 quarter saw Linus Technologies continue to successfully market and evolve its video-on-demand product suite targeting potential clients in its core market segments of Education, Sports and Business, delivering recurring revenues to the group. At the same time, existing clients and partners issued highly positive reviews of the Company's product offerings. During the quarter the Company was pleased to see cash receipts from all its customers, with an additional \$13,200 being received on 1 October 2021 in respect of the September quarter.

### **Education Whizzard nets first commercial contract and other potential clients are trialling the product**

In a significant step towards proving the commercial value of the Linus technology platform, the Company signed off on its first deal in the September quarter. This first commercial agreement was with the University of Newcastle, with the deal following a well-received trial amongst students and university faculty staff.

Sale and deployment of the Linus Whizzard product is immediately repeatable, and it is now in trials with other respected universities. Further expanding the potential revenue streams attached to the Whizzard products, these universities have identified new use cases and opportunities for higher revenue per client. Importantly, these higher education institutions have shown strong interest in the Whizzard product despite the current material drag on their revenues flowing from the ongoing COVID-19 pandemic that has severely curtailed their international student numbers.

In the light of university interest in the Whizzard product, the Company will continue to execute an expanded sales and marketing strategy for the Whizzard product, which includes the use of industry consultants. The Company is presently targeting Chief Information Officers in 20 prioritised universities that together have 769,000 students and 40,000 teaching staff. Linus considers the first 10 of this select group as a tipping point for mass adoption. Longer term, the Company is targeting the delivery of global scale via integrations with Lecture Capture and Learning Management Systems.

### **Further Whizzard-related tech enhancements and partner relationships are being delivered**

While the marketing of the Education Whizzard ramped up, Linus also progressed enhancements to this product. These specifically related to Artificial Intelligence/Machine Learning improvements such as transcription, optical character recognition and facial recognition. Linus additionally commenced building Linus Whizzard connectors for the Education market, with the selection of key learning management systems completed and development commenced.

At the same time, the partner ecosystem accompanying Linius' Education Whizzard was expanded to facilitate acceleration of commercial activity and deeper integration of the Whizzard product. This saw:

- the Linus Whizzard product for Education released on the AWS Marketplace;
- Linus accepted into AWS ISV (Independent Software Vendor) Accelerate Program, following the successful completion of the AWS Foundational Technical Review (FTR). This means AWS staff are now incentivised to sell Linus Whizzard for Education. Linus Education sales and field-ready kits were developed for their use.
- Linus become an official partner of Brightcove, in the Brightcove Partner Program.

Linus has now also joined a number of key education-centric industry bodies and programs, including Edugrowth, Educause and Caudit. These new relationships are expected to provide multi-level engagement pathways into the sector and its key decision makers.

### **Linus Sports receives validation on multiple fronts and its revenue growth momentum builds**

The Linus Sports Solution product continued to be validated in the market. Existing clients, including Racing.com and the Australian National Basketball League (NBL), reported increased usage in the quarter. The Company's contract with the NBL is now delivering recurring revenues. The latter basketball body has now completed its marketing campaign development ahead of the scheduled season commencement in December 2021.

Linus also achieved other key milestones in its core Sports segment over the September quarter, The Company's Sports Solution was launched with the first English Premier League Football Club, Wolverhampton Wanderers (Wolves), distributed via Linus' partner Swanbay. Wolves' adoption of the Linus Sports Solution product saw it reporting a material increase in viewer engagement since deployment.

With an eye to future growth, Linus and Swanbay hosted a sports webinar with Richard Pepper, Head of Digital at Wolves, as key speaker. The webinar was highly successful, resulting in a strong sales pipeline of other sporting leagues and clubs in the UK and across Europe.

After the end of the September quarter, Amazon Web Services (AWS) published a case study "[Linus boosts engagement with data-driven video playlists for Racing.com](https://www.linus.com/aws-racing-com-linus-case-study/)"<sup>1</sup> highlighting the benefits Racing.com got from adopting the Linus Sports Solution product. Key takeaways from this case study included the following:

- Increased user engagement by 125%
- A doubling of the number of page views to 400,000
- The generation of 50–100 new videos per day
- The ability of Racing.com's in-house media team to independently create and publish videos
- Automated event-driven architecture using serverless tools
- Lowered time to market with out-of-the-box managed services
- The provision of low-latency, secure content delivery at scale

The September quarter also saw continued investment in the development and go-to-market plans for the 'client deployable' sports solution, the [Linus Sports FX \(Fan Engagement\) Widget](https://www.linus.com/solutions/sports/sports-fx-widget/)<sup>2</sup>. Sports FX Widget is a simple out-of-the-box HTML UI that can be embedded into any digital channel without the need to build third party integrations. The widget is simply placed on any web-page, allowing fans to search for sporting moments from the archives/catalogue and watch them instantly. It is frictionless from both an economic and technology perspective. Linus has partnered with AWS, Stats Perform and Slalom in the development and delivery of the Linus Sports FX Widget. The release of this exciting product is imminent.

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<sup>1</sup> <https://www.linus.com/aws-racing-com-linus-case-study/>

<sup>2</sup> <https://www.linus.com/solutions/sports/sports-fx-widget/>

### **A Linus Whizzard product targeting the business sector released**

The Linus Whizzard product for Business is now available on the AWS Marketplace. As part of this process, Linus was accepted into the AWS ISV (Independent Software Vendor) Accelerate Program, following the successful completion of the AWS Foundational Technical Review (FTR). This means AWS staff are now incentivised to sell Linus Whizzard for Business. Linus Business sales and field-ready kits have been developed for their use.

Going forward, further use-cases have been developed for the Linus Whizzard that are specifically tailored for the business sector, the third of the Company's core target market segments. To date, efforts by the Company's sales team to engage with key participants in the Australian business sector have included virtual and hybrid events and webinars. These will continue over coming quarters.

While sales and marketing initiatives continue apace, so too has the Company's investment in Whizzard for business product enhancements. This included delivery of self-serve functionality for a '7-day free trial' program, which provides prospective clients with the option to subscribe to a monthly paid plan. Further Partnership developments specific to the Whizzard for Business product are also in the pipeline. Linus has now completed planning for a mass SaaS marketing campaign. The Company is also ready for official launch of Linus Whizzard upon final release of the product to the Zoom Marketplace in the December quarter. Development and integration planning for Webex Meetings and Microsoft Teams continued over the quarter.

### **Outlook**

Over coming quarters, Linus is aiming to:

- generate significant near-term recurring revenue growth through direct sales from its proven technology solutions;
- increase sales and marketing initiatives in a quest to grow revenues derived from its core target sectors of Education, Sport and Business;
- deepen and add to its partner relationships in an effort to get Linus products in front of a wider audience; and
- Invest in new products, some of which have evolved out of the Company listening to client needs.

### **Summary of expenditure for the September 2021 quarter and related party payments**

Details of the business activities of the Company for the September quarter are set out below. Expenditure was incurred in respect of:

- Research and development \$913,000: This encompassed continued development of the LVS SaaS platform, including deploying productised solutions Whizzard product for the video conferencing and education markets, along with continued development for the sports broadcasting markets. The Company also continued to invest in product development, in line with efforts to expand its go-to-market opportunities.
- Operating costs \$304,000: 3<sup>rd</sup> party costs were incurred in operating the SaaS platform, and delivering LVS solutions to existing clients.
- Staff and consultant costs including director fees \$590,000: This included staff costs associated with marketing, presales and sales engineering staff, finance and management of the Company plus recruitment expenditure of \$107,000 during the quarter.
- Administration, travel and corporate costs \$88,000: Made up of ongoing corporate Company costs, including ASIC, ASX, share registry costs and costs related to sales activities.

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates outlined in the Company's Appendix 4C for the quarter relate to fees and salaries paid to directors.

### **Linus raises new equity in the September quarter**

Linus raised \$4 million in new capital from professional and sophisticated investors in the September quarter, including \$400,000 from directors or their nominees subject to approval from shareholders. This additional capital will help fund Linus' stated growth strategy, as it pushes towards full commercialisation of its Video Virtualization Engine™ technology.

**Linus Chairman Gerard Bongiorno said** "The September quarter saw tangible evidence that Linus' suite of 'video on the fly' products were gaining traction in its target market segments of Education, Sports and Business market segments generating recurring revenue streams for the business. We were thrilled to deliver our first commercial agreement for the Education Whizzard. Importantly, this deal, with the University of Newcastle, could soon be followed by others, with a number of additional universities now trialling this product. The Sports Solution product also kicked some goals, so to speak. Existing clients like Wolverhampton Wanderers and Racing.com have recently given glowing reviews of how this product is helping them enhance viewer engagement. Soon we will launch the exciting new Sports FX Widget, which allows fans to search for sporting moments from the archives/catalogue and watch them instantly. We also evolved our plans to create a business sector related revenue stream, with Linus Whizzard product for Business now available on the AWS Marketplace. We would like to thank investors for supporting the equity raising successfully completed in the quarter. It will help fund Linus' stated growth strategy, updates on which will be forthcoming over the coming months."

Ends

This announcement has been approved for release to ASX by the Board of Directors of the Company.

### **About Linus Technologies Limited**

Linus Technologies Limited (ASX: LNU) has invented and patented the **Video Virtualization Engine™ (VVE)**, which is available on Amazon Web Services, Microsoft Azure and IBM Cloud.

Amazon, Microsoft and IBM are investing billions in virtualizing video services (technologies) and artificial intelligence in the cloud. It is arguably the biggest battle on the internet, given that video accounts for nearly 80 percent of internet traffic.

Only Linus can expose the data that makes up the video file, making cumbersome video as flexible as all other forms of data. Accessing the data within the video file is the missing link for video cloud service providers, creating unparalleled value across the internet video industry.

Linus has the potential to transform many multi-billion-dollar markets, and is initially focused on:

- **Anti-Piracy:** Applying proven data protection methods to video to solve piracy
- **Search:** Search within videos and compile new videos on the fly
- **Security and Defence:** Intelligent search and immediate distribution of security footage
- **Personalized Advertising:** Hyper personalized to individuals, timeslots and content

### **For more information please contact:**

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### **Linus Technologies Limited**

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## Appendix 4C

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

**Name of entity**

Linius Technologies Limited

**ABN**

84 149 796 332

**Quarter ended ("current quarter")**

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	39	39
1.2 Payments for		
(a) research and development	(913)	(913)
(b) operating costs	(304)	(304)
(c) advertising and marketing	(72)	(72)
(d) leased assets	-	-
(e) staff and consultant costs	(590)	(590)
- recruitment fees	(107)	(107)
(f) administration, travel and corporate costs	(88)	(88)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (legal and patent costs)	(47)	(47)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,082)</b>	<b>(2,082)</b>

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

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

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities* (excluding convertible debt securities)	3,423	3,423
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,423</b>	<b>3,423</b>

\*net of costs incurred

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>1,593</b>	<b>1,593</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,082)	(2,082)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,423	3,423
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,934</b>	<b>2,934</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,883	1,542
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	51	51
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,934</b>	<b>1,593</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1  
*Director fees and CEO remuneration*
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

107

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility  
amount at quarter  
end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

-

-

-

-

-

-

-

-

- 7.5 **Unused financing facilities available at quarter end**

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- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,082)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,932
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,932
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	1.41

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Yes

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes,

- Subject to shareholder approval of Director contributions at the AGM on 30<sup>th</sup> November 2021, the Company expects to receive an additional \$400,000 in cash.
- The Company is considering financing options available to it including the issue of additional securities to current and new investors.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes – based on the above, the Company fully expects to be able to continue its operations and meet its business objectives.

### Compliance statement

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

Date: 29 October 2021

Authorised by: By the board

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