

ASX Announcement | 31 January 2022

Quarterly Activities Report & Appendix 4C – Period ending 31 December 2021

Linus increases revenue and user adoption in quarter; new executive team installed to take Company through next phase of growth.

Key Highlights:

- Cash receipts increase to \$107k in December 2021 quarter, as Linus continues to commercialise its product suite.
- Linus' senior executive team is strengthened in late October by the appointment of James Brennan as its new Chief Executive Officer (CEO) and Clive Malcher as its new Chief Technical Officer (CTO)
 - James Brennan has 20 years' management experience and has an outstanding record of leading global technology adoption, driving sales and successfully delivering go-to-market strategies for software services-related businesses. He has also been appointed to the Linus Board of Directors
- Linus released a market update late in the December quarter detailing the Company's near-term priorities, including:
 - Conversion of the existing strong pipeline for products already in place or currently being deployed with clients in the Sports, Education and Enterprise sectors.
 - A focus on customer success and adoption ensuring continued client satisfaction and growth, whilst delivering the success data, proof points and client referrals to drive repeat sales.
 - Ongoing product development to drive user engagement and to create an efficient, scalable platform with well documented APIs and reference designs, a partner ecosystem, and a marketplace for future commercial scale.
- Subsequent to December 2021, Linus has undertaken a capital raise of up to A\$3.0m via the placement of new shares to US-based institutional investor New Technology Capital Group LLC.
- Linus Education:
 - The first commercially contracted university client, the University of Newcastle (**UoN**), is now in deployment. Initial cash receipts from the implementation were received and Monthly Recurring Revenue (MRR) from user licensing is being invoiced and received.
 - Agreement reached for additional trials of the Linus Whizzard product with other respected universities which have identified new use cases and opportunities for additional Annual Recurring Revenue (ARR).
 - Linus expanded the customer facing team servicing the Education sector with a focus on sales and customer satisfaction personnel.
- Linus Sports
 - Clients Racing.com, Wolverhampton Wanderers (via partner Swanbay) and the Australian National Basketball League (NBL) all reporting increased usage in the quarter.
 - The NBL season successfully launched in December, with the Linus personalised channels product now being promoted to NBL fans globally.
 - New go-to-market partnerships were signed with McCormack Advisors and IS Partners in the US, which expands Linus' reach into new teams, leagues, sports, and regions.
- Linus Enterprise:
 - Linus' Whizzard for Business product was approved for the Zoom and Brightcove marketplaces in the December quarter.
 - The Company 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.
 - A mass SaaS marketing plan was completed, opening the way for the launch of a Linus Whizzard for Business marketing campaign in Q3.

Melbourne, Australia – 31 January 2022: Linus Technologies Limited (ASX: LNU) (**Company** or **Linus**) is pleased to provide its Quarterly Activities Report and Appendix 4C for the quarter ending 31 December 2021, along with the following financial and operational update.

New Executive Team now in place

On 25 October 2021, Linus announced the appointment of new Chief Executive Officer, James Brennan and new Chief Technology Officer, Clive Malcher.

New CEO James Brennan has 20 years' management experience with industry leaders including Kaltura, BlueJeans Network, Polycom and Integrated Research, and has an outstanding record of leading global technology adoption, driving sales and successfully delivering go-to-market strategies for software services-related businesses.

New CTO Clive Malcher has extensive experience as a media industry executive with intimate knowledge of video technology and key commercial management experience from his time at industry leaders including Channel 5, ITV, and Harper Collins.

Market Update provided by Linus' new CEO in December

- On 14 December, new CEO James Brennan delivered a market update laying out the company's near-term priorities:
 - Conversion of the existing strong pipeline with exiting products which are currently deployed, and in deployment, with clients in the Sports, Education and Enterprise sectors.
 - Focus on customer success and adoption ensuring continued client satisfaction and growth, whilst delivering the success data, proof points and client referrals to drive repeat sales.
 - Ongoing product development to drive user engagement and to create an efficient, scalable platform with well documented APIs and reference designs, a partner ecosystem, and a marketplace for future commercial scale.
- Investors can watch this market update presentation [here](#).

Capital raise after quarter's end

Subsequent to December 2021, Linus undertook a capital raise of up to A\$3.0m via the placement of new shares in the Company to US-based specialist institutional investor New Technology Capital Group, LLC (**NTCG**), as announced to ASX on 28 January 2022.

This investment is to be made by way of a prepayment of the subscription price of new shares to be issued by the Company at NTCG's request over up to a 24 month period. The placement will initially raise A\$2,000,000 for A\$2,120,000 worth of shares under a first tranche. The second tranche of the placement will raise A\$1,000,000 for A\$1,060,000 worth of shares, subject to the Company receiving shareholder approval under Listing Rule 7.1 for the second tranche and NTCG's right to withdraw the second tranche at its discretion prior to approval being sought.

The issue price of the shares will initially be A\$0.034 each, being a premium of 100% to the closing price of Linus shares on ASX on the last trading date prior to the placement being announced. Subject to a floor price of A\$0.011, the issue price will reset after 60 days to the average of the five daily volume-weighted average prices (VWAPs) selected by NTCG during the 20 consecutive trading days immediately prior to the date of NTCG's notice to issue Shares, less a 5% discount (if the shares are issued in the first 12 months after the date of execution of the agreement) or a 7% discount (if the shares are issued after 12 months), rounded down to the nearest one tenth of a cent. The Company may also seek to repay in cash in certain circumstances in lieu of issuing further shares.

The pricing structure of the placement allows the company time to deliver its commercial pipeline in advance of locking in the placement price. Details of the terms, including fees, are set out in the [Company's ASX announcement](#) on 28 January 2022.

Existing Linius product suite generating contracts, revenue growth and industry recognition

The December quarter saw Linius 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. Additionally, the Company was pleased to see a significant increase in cash receipts from its customers.

Linius continues to progress the commercialisation of its technology engine

Linius' stated objective of commercialising its current product offerings became closer to reality in the December quarter. Key achievements across its three target sectors of Education, Sports and Enterprise are as follows:

1. Linius Education – solutions now deployed and gaining market traction

- Linius took further significant steps towards the commercialisation of its Whizzard product for education:
 - The first commercially contracted university client, the University of Newcastle (**UoN**), is now in deployment. Initial cash receipts from the implementation were received and Monthly Recurring Revenue (MRR) from user licensing is being invoiced and received.
 - Agreement reached for additional trials of the Linius Whizzard product with other respected universities which have identified new use cases and opportunities for additional Annual Recurring Revenue (ARR).
 - Linius expanded the customer facing team servicing the Education sector with a focus on sales and customer satisfaction personnel.
- Development of additional product enhancements continued, focused on Artificial Intelligence/ Machine Learning and integrations, with key education solutions including learning management systems, lecture capture solutions, video platforms, and virtual classroom/meeting services.

The education market in Australia and New Zealand is a clear opportunity for Linius and the Company has taken significant steps to develop this market. The market opportunity is strong with a market of over 1 million students in a tightly contained market that will enable Linius to learn, build success, and prove the value of the Whizzard solution before expanding to other global markets.

Both CEO James Brennan and CTO Clive Malcher have significant experience in this category. They have used this knowledge to narrow the initial target market focus for the Whizzard product to the ANZ higher education market. This strategy is expected to deliver the best chance of success in the near term.

The deployment at UoN continues, with initial implementation conducted during the December quarter. The deployment has evolved, as the Company tries new use cases, improves the user experience, and expands the rollout and adoption prior to the start of the next term. Engagement and satisfaction from UoN remain strong. Deployment charges have been invoiced and paid, and ongoing monthly recurring revenue (MRR) from user licenses are being billed. The lessons from this ongoing deployment will inform the approach and deployments at other universities.

Through the quarter, additional opportunities have been added to the pipeline, and existing deals are progressing through the sales cycle. CEO James Brennan is directly leading a highly focused sales conversion plan, wholly focussed on deals that are in Linius' current education pipeline.

In the December quarter, Linius enhanced the critical depth of expertise on its education team with the onboarding of new industry experts, Mark Lamont and Phillip Uys. Their arrival has complemented the Company's existing relationship with consultant Kerrie Campbell. All these experts bring specific expertise:

- Kerrie providing a deep understanding of the needs from the CIO perspective.
- Mark influencing various industry bodies and University leaders, including Chancellors and Vice Chancellors.
- Philp providing expertise of educational design, enabling Linius to embed the "voice of the educator" in its solutions.

With the arrival of Mark and Philip during the quarter, the Company refined and began work on its enhanced product roadmap for the education market, which will extend through the remainder of FY22. Design and development of additional product enhancements continued, focused on Artificial Intelligence/ Machine Learning and integrations with key education solutions including learning management systems, lecture capture solutions, video platforms, and virtual classroom/meeting services.

At the same time, the partner ecosystem accompanying Linus' Education Whizzard continues to facilitate acceleration of commercial activity and deeper integration of the Whizzard product, now generating sales opportunities in the pipeline. These partnerships announced in September include:

- 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 leveraged its partnership with AWS, engaging with the AWS Australia higher education team to begin joint approaches to key prospects and opportunities.
- Linus became an official partner of Brightcove, in the Brightcove Partner Program.

Linus further engaged with a number of key education-centric industry bodies and programs, including Edugrowth, Educause and Caudit.

2. Linus Sports - receives validation on multiple fronts and its revenue growth momentum builds

- Linus' Sports solutions received further validation in the market, with clients including Racing.com, Wolverhampton Wanderers (via Partner Swanbay) and the Australian National Basketball League (NBL) reporting increased usage in the quarter.
- The NBL season successfully launched in December, with the Linus personalised channels product now being promoted to NBL fans globally.
- Wolverhampton Wanderers continue to see increases in viewer engagement through partner Swanbay's solution, which has rolled out new features to enhance user experience.
- The Linus team focussed on working existing sales leads in the pipeline over the December quarter, leveraging the success of the abovementioned client deployments.
- New go-to-market partnerships were signed with McCormack Advisors and IS Partners in the US, which will expand the Linus' reach into new teams, leagues, sports, and regions.

The Linus Sports solution continued to be validated in the market, with existing clients Racing.com, the Australian National Basketball League (**NBL**), and English Premier League Football Club, Wolverhampton Wanderers (**Wolves**) via Partner Swanbay, all reporting increased usage in the quarter.

Racing.com has now been in production broadcast with the Linus Sports solution for over two years. The December quarter always sees some of the highest usage with the Spring Carnival, including the Melbourne Cup, occurring in November. The December quarter showed the highest level of utilization that we have seen from Racing.com to date.

The Company's contract with the NBL is now delivering recurring revenues. NBL completed its marketing campaign development and release as part of the scheduled season commencement in December. While still early in the season, adoption growth has already been high. More recently, it has temporarily slowed due to multiple NBL game cancellations brought on by the Omicron Covid-19 outbreak, which intensified over the December 2021/January 2022 period. Ongoing marketing efforts will continue through the season, which will likely extend through to June 2022. Multiple efforts are underway with NBL to ramp up adoption through the rest of the season.

Linus also achieved other key milestones in its core Sports segment over the December quarter. English Premier League Club, Wolves saw a material increase in viewer engagement since Linus' technology was integrated into

partner Swanbay's platform for the club in August. Viewer engagement continued to show significant increase during the December quarter.

With an eye to future growth, Linus and Swanbay hosted a sports webinar with Richard Pepper, Head of Digital at Wolves, as key speaker late in the September 2021 quarter. The webinar was highly successful, resulting in an expanded sales pipeline encompassing additional sporting leagues and clubs in the UK and across Europe during the December quarter.

As noted in the September quarter, Amazon Web Services (AWS) published a case study "Linus boosts engagement with data-driven video playlists for Racing.com"¹ highlighting the benefits Racing.com got from adopting the Linus Sports Solution product. This case study is actively being used by both AWS and Linus to facilitate sales opportunities.

Linus' reach into the sports market has been enhanced through several partnerships that are helping it navigate and manage the complexities of the market including relationships between fans, teams, leagues, players, broadcasters, rights holders, sponsors, vendors, and more. The Company's relationship with partner Swanbay continues to strengthen. This evolving partnership has delivered Linus a growing pipeline of opportunities.

Beyond Swanbay, Linus has developed additional partnerships in the sports segment to reach more leagues and regions. In the December quarter, Linus entered into partnership agreements with McCormack Advisors and IS Partners in the US. McCormack Advisors, led by Todd McCormack, who has worked at IMG for over 35 years, has been providing independent counsel and business consultation for technology companies that have meaningful impact on the sporting landscape. IS Partners is a sports sales and marketing consultancy led by former Director of Sports & Media from BlueJeans Network. These new partners are actively opening opportunities for Linus with some of the biggest sports content rights holders in the world.

3. Linus Enterprise – Whizzard for business now released:

- Linus' Whizzard for Business product was approved for the Zoom and Brightcove marketplaces in the December quarter following the AWS marketplace approval in September quarter.
- The Company 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.
- A mass SaaS marketing plan was completed, opening the way for the launch of a Linus Whizzard for Business marketing campaign in Q3.

The company continues to evaluate the business marketplaces and develop further use cases tailored to the segment. The '7-day free trial' program which provides prospective clients with the option to subscribe to a monthly paid plan, will be marketed to Zoom users in Q3.

Linus is targeting significant ARR growth in the near term

Over coming quarters, Linus is aiming to:

- Generate significant near-term recurring revenue growth through direct sales of its current products to new customer opportunities already in the Company's sales pipeline.
- Bolster customers' success, fuelling increased adoption at existing customers, in turn increasing recurring revenue and ensuring continued client satisfaction and growth, whilst delivering the success data, proof points and client referrals to drive repeat sales.
- 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.
- Invest in enhancements to existing products which are continuing to evolve by meeting the demands of current customers and prospects.

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

Summary of expenditure for the December 2021 quarter and related party payments

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

- Research and development \$1,030,000: This encompassed continued development of the LVS SaaS platform productised solutions including Whizzard for education and enterprise markets, along with continued development for the sports markets.
- Operating costs \$116,000: 3rd party costs were incurred in operating the SaaS platform and delivering LVS solutions to existing clients.
- Staff and consultant costs including director fees \$641,000: This included staff costs associated with sales, marketing, sales engineering staff, product management, finance and management of the Company plus recruitment expenditure of \$63,000 during the quarter.
- Administration, travel and corporate costs \$29,000: 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 Chairman Gerard Bongiorno said "The board is pleased with the progress made by Linus over the December 2021 quarter. The business evolved on multiple fronts. We added some very experienced senior executives to our management team who will help guide the Company in the next phase of its growth. But even before that occurs, Linus achieved much in the latest quarter. Existing sports customers enjoyed solid growth, and the deployment at our first university customer occurred.

It is particularly gratifying to see the pace at which our new CEO James and CTO Clive have gained traction with customers, prospects, and partners. It is equally pleasing to see the positive effect they have had on Linus team members. Their focused strategy and execution will ensure Linus succeeds with our short-term goals of driving customer success and adoption and converting the existing pipeline of sales opportunities to revenue."

Linus CEO James Brennan said "I am incredibly excited to have joined Linus to lead the next stage of the business. In Linus, I see a business with tremendous unfulfilled potential that I know I can uncover and realize. My first months in the business have reinforced this belief. Our existing proof points in sports, along with new and existing partners are generating exciting opportunities in new leagues, sports, and regions. The deployment of Whizzard for Education at University of Newcastle is gaining momentum and driving interest from other innovative universities. We also continue to strive for success in the Enterprise segment, ably assisted by our partners, including AWS, Zoom, and Brightcove.

"I would like to thank our investors for continuing to support Linus and look forward to providing them with updates on our progress to enhance and commercialise the Linus product suite and with that grow annual recurring revenues over the months ahead."

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

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About Linus Technologies Limited:

Linus' purpose is to elevate the educational, information, and entertainment value of the world's video through hyper-personalization. We make it possible to connect and search vast libraries of video so users can create an infinite amount of personalized video compilations on-the-fly, providing the most relevant content to each viewer.

Our patented Video Virtualization Engine™ (VVE) turns big, bulky video files into lightweight, searchable data that is enriched with AI and ML, making it easy and efficient for users to find and share what matters to them. Creators and owners of video can drive greater viewing, and ultimately monetization of their video assets.

For more on Linus Technologies, visit www.linus.com

For further information, please contact: James Brennan, CEO, +61 (0)3 8672 7186 or ir@linus.com

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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")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	107	146
1.2 Payments for		
(a) research and development	(1,030)	(1,943)
(b) operating costs	(116)	(420)
(c) advertising and marketing	(35)	(107)
(d) leased assets	-	-
(e) staff and consultant costs	(641)	(1,231)
- recruitment fees	(63)	(170)
(f) administration, travel and corporate costs	(29)	(117)
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)	(23)	(70)
1.9 Net cash from / (used in) operating activities	(1,830)	(3,912)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-

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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities* (excluding convertible debt securities)	402	3,825
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	402	3,825

*net of costs incurred

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,934	1,593
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,830)	(3,912)
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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	402	3,825
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,506	1,506

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	1,455	1,542
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	51	51
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,506	1,593

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**

141

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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**

-

- 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)	(1,830)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,506
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,506
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.82

- 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,

- On 28th January the Company announced a raise of \$2m with the option of a further \$1m in April 2022.
- The Company continues to consider financing options available to it including issuing 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: 31 January 2022

Authorised by: By the board