

Linus Technologies Limited

ABN 84 149 796 332

Appendix 4D

Half-year report

31 December 2021

Reporting period

Report for the half-year ended 31 December 2021.

Previous corresponding period is the half-year ended 31 December 2020.

Results for announcement to the market

| | | Increase/(decrease) over previous corresponding period | |
|--|-------------|--|---------|
| | \$ | \$ | % |
| Revenue from ordinary activities | 101,475 | 44,907 | 79.4% |
| Profit/(Loss) from ordinary activities after tax attributable to members | (4,397,656) | (1,721,165) | (64.3%) |
| Net profit/(loss) for the period attributable to members | (4,397,656) | (1,721,165) | (64.3%) |

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.

Explanation of results

Results for the 6 months to December 2021

The principal activities during the six-month period have been the further development and commercialisation of its video virtualization technology. The Company's patented Video Virtualization Engine™ (VVE) turns big, bulky video files into lightweight, searchable data that is enriched with artificial intelligence (AI) and machine learning (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.

The technology is now available in productised solutions targeting primarily the Education, Sports and Business sectors.

Further information and brief explanation of the above figures is contained in the half year consolidated financial report, which has been subject to independent review and which is lodged with this Appendix 4D.

Net tangible asset backing

| | Current period | Previous corresponding period |
|---|----------------|-------------------------------|
| Net tangible assets per ordinary security | 0.04 cents | 0.27 cents |

Signed:



Giuseppe Rinarelli
CFO & Company Secretary

28 February 2022
Melbourne

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Linus Technologies Limited

ABN 84 149 796 332

ASX CODE: LNU

**Half-Year Report
31 December 2021**

The information in this half-year report should be read in conjunction with the annual report of Linus Technologies Limited for the year ended 30 June 2021

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Corporate Information

Directors

Gerard Bongiorno – Executive Chairman
Christopher Richardson – CEO and Executive Director
(resigned 30 November 2021)
James Brennan – CEO and Executive Director
(appointed 25 October 2021)
Stephen McGovern – Non-Executive Director
John Wallace – Non-Executive Director

Company Secretary

Giuseppe Rinarelli

Registered office and principal place of business

Suite 1, 2A River Street
South Yarra VIC 3141
Telephone: (03) 8672 7186

Website

www.linius.com

Auditors

KPMG
727 Collins Street
MELBOURNE VIC 3008

Bankers

National Australia Bank Limited

Stock Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Tce
PERTH WA 6000

ASX Code

LNU

Share Register

Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Linus Technologies Limited (referred to hereafter as the 'Company' or 'parent entity' or 'Linus') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of Linus Technologies Limited during the reporting period and to the date of this report, unless otherwise stated:

Gerard Bongiorno
Christopher Richardson (resigned 30 November 2021)
James Brennan (appointed 25 October 2021)
Stephen McGovern
John Wallace

Principal activities

The principal continuing activities of the consolidated entity were the further development and commercialisation of its video virtualization technology. The Company's patented Video Virtualization Engine™ (VVE) turns big, bulky video files into lightweight, searchable data that is enriched with artificial intelligence (AI) and machine learning (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.

The technology is now available in productised solutions targeting primarily the Education, Sports and Business sectors.

Review of operations

Linus' core purpose of elevating the educational, information, and entertainment value of the world's video through hyper-personalization remains unchanged, as does the strategy of commercially validating solutions through direct sales and enabling the Company's steadily growing stable of partners to promote and co-sell its solutions.

The H1 FY2022 reporting period saw Linus continue to develop, deliver, and commercialise product solutions specifically designed for its target sectors of Education, Sports and Business. Over this time, these products generated additional recurring revenues for the Company.

Linus materially progressed the commercialisation of its technology offering over the H1 FY2022 reporting period:

- Linus' Whizzard Solution was launched into the Education sector, with the University of Newcastle its first paying customer.
- The Company's Sports clients all saw increased usage and promotion of their services throughout the reporting period, most notably the Australian National Basketball League (NBL), who publicly released and promoted their Fan Channel feature as part of the 2022 Season kickoff in December.
- New go-to-market partnerships were signed with McCormack Advisors and IS Partners in the US, which will expand the Linus' Sports Solution Product's reach into new teams, leagues, sports, and regions.
- Linus Whizzard was launched into the Business sector onto the Brightcove and AWS marketplaces, with Zoom approving it for release.

The Linus Executive Team was significantly strengthened over the H1 FY2022 reporting period, with the appointment of James Brennan as Linus Chief Executive Officer (CEO) and Clive Malcher as the Company's Chief Technology Officer (CTO).

Key achievements

From a group perspective, the December 2021 half saw Linus continue to successfully develop, and market its suite of hyper-personalized video solutions specifically designed for the three target sectors of Education, Sports and Business. This delivered the Company additional recurring revenues.

In a clear pointer to the long-term viability of the Linus product suite, existing clients and partners issued highly positive reviews of the Company's product offerings and reported increased usage of Linus' solutions over the H1 FY2022 period.

- **Education:**

The Company signed its first commercial contract with the University of Newcastle (UoN), following a well-received trial amongst students and faculty staff. The Linus Whizzard Solution moved into deployment during the reporting period, including identification of initial use cases and user groups. These initial use cases are informing the development of additional product enhancements 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.

Initial cash receipts for implementation services were received in Linus' H1 FY2022 reporting period and Monthly Recurring Revenue (MRR) from user licensing are now being invoiced and received from UoN. Agreements were reached for additional trials of the Linus Whizzard solution with other respected universities. These have identified new use cases and opportunities with the potential to deliver additional Annual Recurring Revenue (ARR).

Linus expanded its customer facing team with the onboarding of new industry experts, Mark Lamont and Philip Uys, to complement the existing relationship with consultant Kerrie Campbell. The Company also joined key education bodies and programs, providing multi-level engagement pathways into the sector and its key decision makers.

- **Sports:**

Racing.com has been in production broadcast with three of Linus' Sports Solutions for over two-years now. The racing group's utilization of Linus Sports Solutions hit all-time highs in H1 FY2022, a tip to the value it derives from the product. In another positive development, Amazon Web Services (AWS) published a case-study highlighting the benefits of Linus' Sports Solutions for Racing.com, including increased user engagement by 125% and the doubling of its website views.

The Australian National Basketball League (NBL) launched another of Linus' Sports Solutions, the NBL 'Fan Channel' in H1 FY2022, a period that covered their season launch and associated marketing promotion. NBL is now delivering recurring revenues for the Company.

Linus' integration into partner Swanbay's platform for English Premier League (EPL) Football Club, Wolverhampton Wanderers (Wolves) has gone from strength to strength, with Wolves reporting a material increase in viewer engagement. The Swanbay partnership is now delivering a pipeline of sports opportunities in the EU and UK regions.

Linus has more recently entered into new go-to-market partnership agreements in the reporting period, with McCormack Advisors and IS Partners in the US. Going forward, these relationships are expected to expand the reach of the Linus' Sports Solution product offering, exposing it to a wider range of new teams, leagues, sports, and regions. Both partners are now actively opening opportunities for Linus with some of the biggest sports content right holders in the world.

- **Business:**

Linus' Whizzard for Business solution was released onto the AWS and Brightcove marketplaces, with Zoom approving it for release following a rigorous technology due diligence process. As part of the marketplace releases, Linus was accepted into the AWS ISV (Independent Software Vendor) Accelerate Program and became an official Brightcove Partner.

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 SaaS marketing plan was developed and finalized for a launch in Linus' H2 FY2022 reporting period.

Capital Raising Activities

Linus raised \$4 million in new capital from professional and sophisticated investors during the period, including a \$400,000 investment from Linus directors Gerard Bongiorno and John Wallace

Proceeds from these issues will fund planned sales and marketing spending needed to increase client awareness of the Linus Sports Solutions and Linus Whizzard (Education and Business) product offerings as well as on going product development.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

Going concern

For the half year ended 31 December 2021, the Group incurred an operating net loss of \$4,397,656 (2020: \$2,676,491) and net cash outflows from operating activities of \$3,912,728 (2020: \$2,041,512). The consolidated entity had net assets of \$2,869,636 at 31 December 2021 (30 June 2021: \$3,450,753) and cash on hand of \$1,506,073 (30 June 2021: \$1,594,108).

The ability of the Group to continue as a going concern is dependent upon the 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 half year financial statements are set out in note 1 to the half year financial statements.

Dividends

No dividends were paid or declared during the financial period.

Matters subsequent to the end of the financial period

Subsequent to year end the Group raised \$2,000,000 in additional capital excluding transaction costs via a share placement, refer to Linus ASX announcement, dated 28 January 2022.

Other than the above, no matters or circumstances has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration, which forms part of this Directors' Report, is set out on page 17.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Gerard Bongiorno
Chairman

28 February 2022
Melbourne

Linus Technologies Limited
Contents
31 December 2021

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General information

The financial statements cover Linus Technologies Limited as a consolidated entity consisting of Linus Technologies Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Linus Technologies Limited's functional and presentation currency.

Linus Technologies Limited is an ASX listed public company limited by shares. Its registered office and principal place of business are:

Registered office

Suite 1
2A River Street
South Yarra VIC 3141

Principal place of business

Suite 1
2A River Street
South Yarra VIC 3141

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2022.

Linius Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

| | Note | Consolidated | |
|--|------|--------------------|--------------------|
| | | December 2021 | December 2020 |
| | | \$ | \$ |
| Revenue | | | |
| Revenue | 4 | 101,475 | 56,568 |
| Other Income | 4 | 282,544 | - |
| Expenses | | | |
| Administrative expenses | | (400,770) | (201,592) |
| Amortisation expenses | | (270,000) | (270,000) |
| Depreciation expenses | | (8,460) | (12,104) |
| Employee expenses | | (1,596,076) | (958,254) |
| Consultant expenses | | (156,941) | (242,059) |
| Impairment expense on trade receivables | | - | (14,533) |
| Director remuneration expenses (excluding share based payments) | | (153,435) | (142,211) |
| Share based payments reversal/(expenses) | | 22,225 | (63,749) |
| Financial and compliance expenses | | (140,328) | (98,597) |
| Marketing and promotional expenses | | (177,509) | (56,968) |
| Software development expenses | | (1,825,909) | (627,207) |
| Patent expenses | | (26,283) | (16,375) |
| Legal expenses | | (46,350) | (29,410) |
| Travel and accommodation expenses | | (1,839) | - |
| Loss before income tax | | <u>(4,397,656)</u> | <u>(2,676,491)</u> |
| Income tax (expense) credit | | - | - |
| Loss after income tax expense for the year attributable to owners of the parent | | <u>(4,397,656)</u> | <u>(2,676,491)</u> |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive loss for the year attributable to owners of the parent | | <u>(4,397,656)</u> | <u>(2,676,491)</u> |
| Loss per share for loss attributable to the owners of the parent | | Cents | Cents |
| Basic and diluted loss per share | | (0.26) | (0.19) |
| Weighted average number of shares used in determining basic loss per share | | 1,662,327,726 | 1,409,836,532 |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Linus Technologies Limited
Consolidated statement of financial position
As at 31 December 2021

| | Note | Consolidated December 2021 \$ | June 2021 \$ |
|----------------------------------|-------------|--|-----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,506,073 | 1,594,108 |
| Trade and other receivables | | 390,480 | 120,933 |
| Total current assets | | <u>1,896,553</u> | <u>1,715,041</u> |
| Non-current assets | | | |
| Intellectual property | 5 | 2,115,000 | 2,385,000 |
| Property, plant and equipment | | 17,049 | 25,509 |
| Total non-current assets | | <u>2,132,049</u> | <u>2,410,509</u> |
| Total assets | | <u>4,028,602</u> | <u>4,125,550</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 1,081,662 | 591,624 |
| Employee provisions | | 77,304 | 83,173 |
| Total current liabilities | | <u>1,158,966</u> | <u>674,797</u> |
| Non-current liabilities | | | |
| | | - | - |
| Total liabilities | | <u>1,158,966</u> | <u>674,797</u> |
| Net assets | | <u>2,869,636</u> | <u>3,450,753</u> |
| Equity | | | |
| Issued capital | 6 | 47,400,810 | 43,834,296 |
| Reserves | | 5,680,818 | 5,430,793 |
| Accumulated losses | | (50,211,992) | (45,814,336) |
| Total equity | | <u>2,869,636</u> | <u>3,450,753</u> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Linus Technologies Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2021

| Consolidated | Issued capital \$ | Equity settled benefits reserve \$ | Accumulated losses \$ | Total equity \$ |
|--|----------------------------------|---|--------------------------------------|--------------------------------|
| Balance at 1 July 2020 | 38,908,990 | 5,161,861 | (39,686,832) | 4,384,019 |
| Loss after income tax expense for the half year | - | - | (2,676,491) | (2,676,491) |
| Total comprehensive loss for the half year | - | - | (2,676,491) | (2,676,491) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Shares and options issued during the year (net of capital raising costs) | 4,927,175 | - | - | 4,927,175 |
| Share based payments | - | 128,749 | - | 128,749 |
| Total transactions with owners of the Company | 4,927,175 | 128,749 | - | 5,055,924 |
| Balance at 31 December 2020 | <u>43,836,165</u> | <u>5,290,610</u> | <u>(42,363,323)</u> | <u>6,763,452</u> |
| Balance at 1 July 2021 | <u>43,834,296</u> | <u>5,430,793</u> | <u>(45,814,336)</u> | <u>3,450,753</u> |
| Loss after income tax expense for the half year | - | - | (4,397,656) | (4,397,656) |
| Total comprehensive loss for the half year | - | - | (4,397,656) | (4,397,656) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Shares and options issued during the year (net of capital raising costs) | 3,566,514 | - | - | 3,566,514 |
| Share based payments | - | 250,025 | - | 250,025 |
| Total transactions with owners of the Company | 3,566,514 | 250,025 | - | 3,816,539 |
| Balance at 31 December 2021 | <u>47,400,810</u> | <u>5,680,818</u> | <u>(50,211,992)</u> | <u>2,869,636</u> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Linus Technologies Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2021

| | Note | Consolidated | |
|---|------|-------------------------|-------------------------|
| | | December 2021 | December 2020 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 145,866 | 61,537 |
| Payments to suppliers | | (4,058,594) | (2,103,049) |
| Net cash used in operating activities | | <u>(3,912,728)</u> | <u>(2,041,512)</u> |
| Cash flows from investing activities | | | |
| Payments for property plant & equipment | | - | (3,453) |
| Net cash used in investing activities | | <u>-</u> | <u>(3,453)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 6 | 4,014,910 | 5,250,000 |
| Capital raising costs paid | | (190,217) | (257,825) |
| Net cash from financing activities | | <u>3,824,693</u> | <u>4,992,175</u> |
| Net increase/(decrease) in cash and cash equivalents | | (88,035) | 2,947,210 |
| Cash and cash equivalents at the beginning of the half year | | <u>1,594,108</u> | <u>1,597,029</u> |
| Cash and cash equivalents at the end of the half year | | <u><u>1,506,073</u></u> | <u><u>4,544,239</u></u> |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

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Linus Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2021

Note 1. Significant accounting policies

Reporting entity

Linus Technologies Limited (the "Company") is a company domiciled in Australia. These condensed consolidated interim financial statements ("half year financial statements") as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for-profit entity primarily involved in technology, including research and development of technology products, software development and the commercialisation and licencing of computer software.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2021.

These interim financial statements were authorised for issue by the Company's Board of Directors on 28 February 2022.

Except as stated below, these interim financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2021, which are available at the Company's registered office located at Suite 1, 2A River Street, Toorak Road, South Yarra, Victoria and on the website www.Linius.com.

Changes in significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2021. A number of new standards are effective from 1 July 2021 but they do not have a material effect on the Group's financial statements.

Going concern

For the half year ended 31 December 2021, the Group incurred an operating net loss of \$4,397,656 (2020: \$2,676,491) and net cash outflows from operating activities of \$3,912,728 (2020: \$2,041,512).

The ability of the Group to continue as a going concern is dependent upon the 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 half year financial statements.

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

- projected net cash outflows from operating activities, 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 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 January 2022 until 28 February 2023 that support the Group's ability to continue as a going concern. These cashflow projections assume the Group obtains sufficient additional capital funds from shareholders or other parties in order to continue development activities as planned. If such funding is not achieved, as stated above, the Group will be required to reduce expenditure to the level of funding available.

Linus Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2021

Note 1. Significant accounting policies (continued)

Going concern (continued)

The Directors are confident the Group will be able to secure sufficient capital funds and the Group has a demonstrated track record of raising capital as required.

The Group's ability to continue to operate as a going concern is dependent upon the items listed above, where additional funds and/or alternative financing have yet to be secured. 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.

Note 2. Commitments and contingent liabilities

The consolidated entity has no contingent liabilities and commitments at the date of this report.

Note 3. Segment Reporting

During the half-year the consolidated entity operated as a developer of computer software in the Australasian region.

Note 4. Revenue and other income

| | Consolidated | |
|--------------------------------|---------------------|-----------------|
| | December | December |
| | 2021 | 2020 |
| | \$ | \$ |
| Revenue from services rendered | 101,475 | 56,568 |
| Other income: | | |
| Government grants* | 282,544 | - |
| Total revenue and other income | <u>384,019</u> | <u>56,568</u> |

* Income in advance amounting to \$36,389 is included in trade and other payables.

**Government grants related to research and development claim remain outstanding as at 31 December 2021 and form part of trade and other receivables.

Note 5. Intellectual property

The Group acquired the intellectual property associated with the Linus technology from an unrelated party in November 2015. 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:

| | Consolidated | |
|-------------------------------|---------------------|------------------|
| | December | June |
| | 2021 | 2021 |
| | \$ | \$ |
| Intellectual property at cost | 5,400,000 | 5,400,000 |
| Accumulated amortisation | (3,285,000) | (3,015,000) |
| | <u>2,115,000</u> | <u>2,385,000</u> |

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

Linus Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2021

Note 5. Intellectual property (continued)

The cost of the intellectual property was established upon the purchase of the intellectual property through a third-party transaction in November 2015. The value of the intellectual property was further validated through the reverse takeover process and capital raising undertaken by Linus Technologies Limited (Linus) in April/May 2016. During this process an independent report was commissioned, which gave the directors evidence 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 approaching 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 research and 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.

Impairment testing

As a result of the operating loss incurred, impairment analysis of the intellectual property has been performed using the following alternative method:

Market capitalisation approach

Since listing on ASX, the shares of Linus have traded in a ready market, supporting the value of the intellectual property asset. The assets of the Group at 31 December 2021 consist principally of cash of \$1,506,073 and intellectual property, after amortisation, of \$2,115,000. Net assets are \$2,869,636.

Linus shares closed at a price of 2 cents per share on 31 December 2021. Total fully paid ordinary shares on issue at 31 December 2021 are 1,716,922,660. This gives a market capitalisation of Linus of \$34.3 million. Given the nature of its operations and the Group's early stage commercial development, the directors believe that the recoverable amount of the intellectual property on the balance sheet at 31 December 2021 is supported by the current market value of Linus.

Note 6. Equity - issued capital

| | Legal Parent | | Consolidated | |
|------------------------------|----------------------|----------------------|-------------------|-------------------|
| | December 2021 | June 2021 | December 2021 | June 2021 |
| | Shares | Shares | \$ | \$ |
| Ordinary shares - fully paid | <u>1,716,922,660</u> | <u>1,511,628,068</u> | <u>47,400,810</u> | <u>43,834,296</u> |

Movements in ordinary share capital

| Details | Date | No. of shares Legal Parent |
|---|---------------|-------------------------------|
| Legal parent | | |
| Balance as at 30 June 2021 | | 1,511,628,068 |
| Issue of shares through conversion of options | July 2021 | 1,241,000 |
| Issue of shares through private placement* | August 2021 | 180,000,000 |
| Issue of shares through conversion of options | August 2021 | 1,095,000 |
| Issue of shares through conversion of options | November 2021 | 958,592 |
| Issue of shares through private placement (Directors) | December 2021 | 20,000,000 |
| Issue of remuneration shares to Director | December 2021 | 2,000,000 |
| Balance as at 31 December 2021 | | <u>1,716,922,660</u> |

Linus Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2021

Note 6. Equity - issued capital (continued)

Movements in ordinary share capital (continued)

| Details | Date | \$ |
|--|---------------|-------------------|
| Consolidated entity | | |
| Balance as at 30 June 2021 | | 43,834,296 |
| Issue of shares through conversion of options* | July 2021 | 11,160 |
| Issue of shares through private placement* | August 2021 | 3,140,922 |
| Issue of shares through conversion of options* | August 2021 | 9,700 |
| Issue of shares through conversion of options* | November 2021 | 8,336 |
| Issue of shares through private placement (Directors)* | December 2021 | 396,396 |
| Issue of remuneration shares to Director** | December 2021 | - |
| Balance as at 31 December 2021 | | <u>47,400,810</u> |

*Net of \$272,250 of share-based payment transaction costs and \$194,182 other transaction costs.

**The share-based payment has been recorded via the equity settled benefits reserve.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Expenses arising from share based payment transactions

Net gain arising from share based payment transactions recognised during the financial period were \$22,225 (\$63,749 expense for prior comparative period). This was in respect of the vesting charge attributed to options and equity settled share based payments for the six-month period.

Note 7. Fair value measurement

Due to the nature of the consolidated entity's operating profile, the Directors and management do not consider that the fair values of the consolidated entity's financial assets and liabilities are materially different from their carrying amounts at 31 December 2021.

Note 8. Tax expense

The consolidated entity's effective tax rate in respect of its continuing operations for the six months ended 31 December 2021 was nil percent due to the non-recognition of tax benefits arising from the operating loss incurred before tax. Management does not yet consider it probable that future taxable profits will be available against which unrecognised tax losses and temporary differences will be utilised and therefore these items have not been brought to account at balance date.

Note 9. Matters subsequent to the end of the financial period

Subsequent to year end the Group raised \$2,000,000 in additional capital excluding transaction costs via a share placement, refer to Linus ASX announcement, dated 28 January 2022.

Other than the above no matters or circumstances has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Linus Technologies Limited
Directors' declaration
31 December 2021

In the opinion of the directors of Linus Technologies Limited ("the Company"):

1. the half year financial statements and notes set out on pages 7 to 13, are in accordance with the Corporations Act 2001, including;
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance, for the six-month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors



Gerard Bongiorno
Chairman

28 February 2022
Melbourne



Independent Auditor's Review Report

To the shareholders of Linius Technologies Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Linius Technologies Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Linius Technologies Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year** comprises:

- Consolidated statement of financial position as at 31 December 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 Half-year ended on that date
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Linius Technologies Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

The **Half year** is the 6 months ended on 31 December 2021.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Material uncertainty related to going concern

We draw attention to Note 1, "Going Concern" in the Half-year Financial Report. The events or 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 Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Dana Bentley
Partner

Melbourne

28 February 2022



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 review of Linius Technologies for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Dana Bentley
Partner

Melbourne

28 February 2022

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