

ASX Announcement | 29 July 2022

Quarterly Activities Report & Appendix 4C – Period ending 30 June 2022

Linus focuses on driving new revenue through repeatable products and scalable business model with new deployments at English Football League and Club Brugge, and the first live deployment of Whizzard for education.

Key Highlights:

- New revenues secured for The English Football League (EFL) from partner Swanbay. EFL comprises 72 clubs watched by over 500 million supporters around the world.
- New revenues secured for Club Brugge (from Swanbay), the current champions of the Belgian Pro League.
- First live deployment of Whizzard at University of Newcastle with service now available to a first tranche of 6,000 users.
- All existing clients saw continued growth in user engagement with results exceeding client expectations and providing solid case studies to speed up new deal conversion.
- Demonstrable results from live deployments have helped Linus generate an active new business pipeline in both Sports and Education.
- Reduced costs by approximately 40%. The substantial completion of Linus product development and focus on repeatable deployments has allowed management to reduce costs.
- Commitments for Capital raise of \$1.155 million provides adequate funding to convert the existing pipeline and deliver further new revenues.
- Management believes that the cost reduction, capital injection and the significant value of the near term pipeline places the company in a great position to rapidly improve its cash position.

Melbourne Australia – 29 July 2022: Linus Technologies Limited (ASX:LNU) (**Company** or **Linus**) is pleased to provide its Quarterly Activities Report and Appendix 4C for the quarter ending 30 June 2022, along with the following financial and operational update.

Linus Sports

- Linus continues to see new deployments through partner Swanbay, with new revenues secured in the quarter which will flow through in the September quarter.
- Enhanced partnership agreement with Swanbay now in place, allowing each party to bring the complete MatchVision / Linus Video Services (LVS) solution directly to customers across the globe.
- MatchVision, built on LVS is now a repeatable, scalable product available directly from Linus, with well-defined, easy-to-buy, quick-to-deploy packages for sports teams and leagues. Linus is focused on replicating the success of MatchVision at EPL Teams, Wolverhampton Wolves and Club Brugge with teams and leagues in Australia, the United States, and around the world.
- New commercial deals and partnership opportunities based on the core LVS platform continue to be developed, particularly with providers in the US collegiate sports market.
- The successful pilot with the EFL, in conjunction with IMG and Swanbay saw significant usage through the quarter, with deployment to EFL team sites anticipated in the upcoming 2022/23 season.
- Clients are seeing outstanding results from their MatchVision deployments:
 - 100% increase in the amount of video being watched
 - 120% increase in visitor dwell time
 - 35% return visit rate, with return visitors showing a 6x increase in minutes of video watched
- The pipeline is strong across multiple sports and geographies, including:
 - Sports Clubs – directly repeating successes seen by clients such as Wolves and Brugge

- Major Sports Leagues – mirroring the success with EFL
- US Collegiate Sports – taking current successes into a large new market segment
- Major global sports archive and distribution companies
- Technology partners already dominant in global sports markets
- Commercial partners such as McCormack Advisors, IS Partners and Swanbay
- Linus exhibited at the National Association of Collegiate Directors of Athletics (NACDA) conference in the US, attended by 6,000+ athletics department delegates from major universities across the US, opening significant new pipeline and partnership opportunities in the US Collegiate Sports market.

Linus Education

- The successful deployment at University of Newcastle (UoN) - now live with 6,000 staff, students/researchers, and affiliates – is providing proof points needed to repeat this success in other universities.
- With the first phase of the original contract executed, Linus and UoN are planning the next phase, with uses cases and applications for Whizzard more widely across the university.
- The Success of the first use case at University of Newcastle for their Living Histories archive has opened a pipeline in the wider Galleries, Libraries, Archives, and Museums (GLAMx) sector.
- Linus Whizzard for the GLAMx sector is now a repeatable “off the shelf” product with easy to buy packages that can be rapidly replicated across universities.
- Management is primarily focussed on closing the near-term Australian pipeline and have some early opportunities in the US market.
- Advanced product capabilities were released for UoN and all education and GLAMx customers, including enhanced search and filtering, secure Single Sign On via integration with Okta enterprise security, and numerous user experience enhancements.
- Linus continued to explore and develop partner relationships with leading technology providers in the education sector including lecture capture platforms, learning management systems (LMS), and video content/media asset management systems (VCMS/MAMs).

Management has reduced costs by approximately 40%

- The focused strategy and completion of key product development activities has facilitated cost reductions of 40% when comparing the June and Dec quarters, with one time costs of reductions being taken in the September quarter.
- Cost reductions were made on 22 June 2022 with an expected normalised new run rate to be achieved by mid-September.
- All products are now deployed, in market, generating revenue and most importantly are easily repeatable.
- Management believe its platform strategy, promoting repeatable products means that forecast further growth can be attained with minimal increases to the cost base.
- New commercial models have been introduced to balance immediate cash flow, create predictable recurring revenue, and realise large usage-based growth potential.
- Given the potential of the existing new business pipeline in Sports and Education Linus has parked its Whizzard for Enterprise division for the foreseeable future.
- Additionally, the company will continue to apply for a Research and Development Tax incentive in line with the previous financial year.

Post quarter's end, Linus completes equity raising

Subsequent to the end of the quarter, Linus obtained \$1.155 million in new equity commitments from professional and sophisticated investors, including \$155,000 from directors or their nominees subject to approval from shareholders.

The capital raising comprises the issue of 200 million new fully paid ordinary shares at an issue price of \$0.005 each, and is expected to settle on 5 August 2022 and 31 million subject to shareholder approval.

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The placement supports acceleration of customer acquisition and deployment in the Sport and Education sectors and delivery of key product enhancements. Proceeds from the placement, coupled with the cost reductions, comfortably delivers time for management to close the near-term pipeline, generating significant new revenues.

CEO James Brennan commented, “Our entire focus is on selling our products to more clients and generating increased recurring revenues. Our products are proven, easily repeatable and proving to make significant positive impact to our clients’ businesses. Successful outcomes with some of the biggest leagues and clubs in the world such as Wolverhampton Wanderers, Club Brugge, EFL, NBL, and Racing.com, demonstrates the growing strategic appeal of the LVS platform. This is now attracting new clients and accelerating deals through the sales cycle.”

Summary of expenditure for the June 2022 quarter and related party payment

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

- Research and development \$826,000: This encompassed continued development of the LVS SaaS platform, productised solutions including Whizzard for education, along with continued development for the sports markets.
- Operating costs \$56,000: 3rd party costs were incurred in operating the SaaS platform and delivering LVS solutions to existing clients.
- Staff and consultant costs including director fees \$676,000: This included staff costs associated with sales, marketing, sales engineering staff, product management, finance and management of the Company plus recruitment expenditure of \$114,000 during the quarter.
- Administration, travel and corporate costs \$100,000: 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.

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")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	72	273
1.2 Payments for		
(a) research and development	(826)	(3,972)
(b) operating costs	(56)	(665)
(c) advertising and marketing	(77)	(242)
(d) leased assets	-	-
(e) staff and consultant costs	(676)	(2,761)
- recruitment fees	(114)	(368)
(f) administration, travel and corporate costs	(100)	(331)
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	-	267
1.8 Other (legal and patent costs)	(43)	(188)
1.9 Net cash from / (used in) operating activities	(1,820)	(7,987)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(m) entities	-	-
	(n) businesses	-	-
	(o) property, plant and equipment	-	-
	(p) investments	-	-
	(q) intellectual property	-	-
	(r) 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)	1,553	7,365
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 (AASB16 lease principal payments)	(8)	(8)
3.10	Net cash from / (used in) financing activities	1,545	7,357

*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	1,238	1,593
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,820)	(7,987)
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 (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,545	7,357
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	963	963

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	912	1,187
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)	963	1,238

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**

144

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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.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,820)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	963
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	963
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.53

- 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, additionally the Company has taken steps to reduce ongoing expenditure.

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 29th July the Company received firm commitments to raise of \$1.155m, including \$155,000 from directors or their nominees subject to approval from shareholders, refer to the ASX release for more information.
- 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: 29 July 2022

Authorised by: By the board