

ASX Announcement | 31 January 2023

Quarterly Activities Report & Appendix 4C – Period ending 31 December 2022

Linus generates record quarterly billings supported by new deals with Cricket Australia and A-Leagues and renewal/expansion of contracts with existing customers

Highlights:

- Generated record quarterly billings of \$96,682 (excluding GST) in the December quarter, a 61% increase over Q1 FY23.
- Billings from new customers Cricket Australia and A-Leagues, including setup fees and initial monthly recurring license fees were billed during the quarter. Recurring monthly fees from these new customers began billing late in the quarter due to timing of the contracts.
- Cash receipts in the quarter were \$60,170, with an additional \$81,737 received in early January for invoices raised during prior periods.
- New deal with Cricket Australia (CA) announced in November 2022 is Linus' largest revenue contract to date with large upside potential from their 1.2 billion global fans. CA procured the latest version of Linus Whizzard which is now a repeatable, easily deployed product for sports archives and other media archives.
- New deal with Australian Professional Leagues (APL) announced in October 2022 will see the MatchVision fan engagement solution deployed league-wide for the A-Leagues, Australia's professional football (soccer) league.
- Renewal and expansion of the current agreement with the Australian National Basketball League (NBL), was announced in December 2022. The deployment will be expanded to add MatchVision alongside the existing Fan Channel solution.
- Replicable, rapidly deployable products Whizzard and MatchVision with LVS at their core, are accelerating pipeline growth and deal progression with teams, leagues, and broadcasters around the world. Interest in Whizzard has grown significantly in the sports archive market segment following announcement of the solution being deployed at Cricket Australia. The solution is well advanced in the deal cycle with several prospects and existing customers.
- Partnership announced in December with Blockchain Australia, Australia's leading blockchain development and consulting group, for development and launch of Web3 solutions based on Linus patents under the Linus Blockchain Solutions (LBS) subsidiary.
- First full quarter operating under the cost reduction and restructure measures announced in June 2022 and implemented in Q1 FY23 resulted in a 37% reduction in expenses versus last quarter.

Melbourne Australia – 31 January 2023: 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 2022, along with the following financial and operational update.

Linus Sports

- In November 2022, Linus announced a new contract with Cricket Australia (CA) to deploy the latest version of Linus Whizzard to monetise its extensive match archive and create new content experiences for fans.
 - CA is Linus' largest revenue contract to date and includes an opportunity to monetise the service through advertising, sponsorship, and other revenue streams, with Linus receiving a significant advertising revenue share percentage. Additional fees include an upfront establishment fee and fixed monthly subscription fee. The monthly subscription fee is Linus' largest contracted Monthly Recurring Revenue (MRR) to date.

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- Initial setup fees and recurring monthly license fees have been billed and paid.
 - Linus Whizzard, built on the LVS SaaS platform, will allow CA to easily search its archive for relevant content, quickly edit and publish content. That content can then be made available publicly through their websites, mobile app, social media channels, partner broadcasters, news agencies and other external organizations.
 - Deployment of the solution is on track for delivery in early February 2023, with CA beginning to virtualize their archive through February and publish new content using Whizzard within the first few weeks.
 - Cricket is the second most popular sport in the world, and CA is in the top 3 cricket leagues globally. CA has over 1.2 billion fans worldwide, with billions of content views per year, and hundreds of millions of content views each month on YouTube.
 - CA has an extensive, high value video archive including all new and 40+ years of historical Australian cricket. It includes Australian Test, ODI, T20, Sheffield Shield and Big Bash competitions for men's and women's teams dating from 1980 to the present day. In total there are over 20,000 hours of content.
- In October 2022, Linus announced a new contract with APL to deploy MatchVision, the award-winning digital fan engagement service with the Linus Video Services (LVS) platform at its core, for the A-Leagues. The new deal demonstrates the viability and success of Linus' current strategy in the Sports market.
 - A-Leagues sees MatchVision as a strategic tool for fan engagement and a key part of their digital strategy.
 - The solution was made available on the A-Leagues website and mobile app in December 2022 and is live at <https://matchvision.keepup.com.au/>
 - Official launch and large-scale promotion of the service to fans was delayed by A-Leagues for internal reasons unrelated to Linus and the service, and is now expected in February 2023. The league has committed significant promotion, advertising, and visibility to the launch.
 - Recurring monthly license fees have been billed and paid.
 - Potential additional charges from optional extensions include deployment on individual club websites, the addition of the Liberty A-League women's competition, deployment of Whizzard, and the addition of past season historical content.
 - It is the first deal under the new enhanced partnership with Swanbay, which allows Linus to sell the joint MatchVision/Linus Video Services (LVS) solution directly to customers.
 - In December 2022 Linus announced the renewal and expansion of its current agreement with the Australian National Basketball League (NBL).
 - The agreement is expanded to include MatchVision in addition to the existing Fan Channel solution.
 - The agreement reinforces the existing partnership between Linus and the NBL.
 - MatchVision is expected to increase fan engagement by providing access to custom highlights for all fans, not just those with an NBL Access account.

Pipeline, Growth, and a Path to Profitability

- With significant growth and maturity of the commercial pipeline, Linus has a plan and a path to profitability based on ARR/MRR growth via:
 - Existing customers providing solid references, case studies, and data that make each subsequent deal easier and faster.
 - Linus has significant penetration in Australia with four sports/leagues using Linus solutions in Australia including Racing.com, NBL, CA, and A-Leagues. This is expected to increase the velocity of penetration into additional Australian sports.
 - Linus has impressive deployments in Europe with teams in the English Premier League (Wolves) and Belgian Pro League (Club Brugge) and a trial in the English Football League (EFL).
 - Growth from existing customers will form the first tier of revenue growth

- The deployment with Cricket Australia will begin generating additional variable revenue through the revenue share component of the contract once they begin publishing content. Additional features and use cases are being evaluated which can add further recurring and variable revenues.
- The contract with A-Leagues offers multiple opportunities for MRR growth through solution expansion into women's league, team websites, and additional products including Whizzard.
- Wolves and Brugge will be rolling out additional features of MatchVision to increase engagement and utilization, which in turn drives variable revenue for Linus.
- Racing.com is partnering with Linus to evaluate solution upgrades and new use cases which can drive additional MRR.
- EFL launch and growth will provide substantial variable revenue growth opportunity based on the 500 million EFL fans worldwide.
- Closure of five deals already well progressed in the deal cycle form the second tier of growth
 - These opportunities are across teams, leagues, and broadcasters in Australia, Europe, and the US.
 - This includes one of the biggest sports archives in the world, which will open multiple opportunities beyond the initial deployment.
 - These deals are on track and progressing as anticipated.
- This leaves Linus needing to progress and convert roughly five additional deals from the pipeline to reach profitability
 - These deals will come from our current early pipeline of over 25 opportunities.
 - In addition, we have 60+ current leads which are being worked to convert into opportunities.
 - Finally, marketing campaigns and outreach continue at scale to develop new leads and pipeline focused on our repeatable products Whizzard and MatchVision.

Linus Education

- The success of the first use case at University of Newcastle for their Living Histories archive has opened opportunities in the wider Galleries, Libraries, Archives, and Museums (GLAM) sector.
- Linus Whizzard is now a repeatable "off the shelf" product for the GLAM sector and other archives with easy to buy packages that can be replicated across universities and other archives.
- Development of Whizzard for the GLAM sector facilitated rapid enhancement and deployment of Whizzard to support the sports archive use case at Cricket Australia and other potential sports clients.
- Linus continues to explore 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) with the goal of securing a licensing deal with one or more partners to incorporate Linus LVS and/or Whizzard into their solutions.

Linus Blockchain

- Partnership announced in December with Blockchain Australia, Australia's leading blockchain development and consulting group, for development and launch of Web3 solutions based on Linus patents under the Linus Blockchain Solutions (LBS) subsidiary.
- The partnership accelerates Linus' existing strategy for using LBS to enter the Web3 market, currently valued at US\$1.3 billion and growing at 44.9% through 2030.
- Blockchain Australia to make significant investment of services and software in exchange for equity position in the Linus subsidiary, LBS.
- Products will build upon the prototype developed with Amazon Web Services earlier in the year.
- Initial products expected in first half of 2023 extending Linus' existing fan engagement and archive search & edit solutions in the sports market

CEO James Brennan commented, “I am pleased to share the significant results and milestones that Linus has achieved this quarter, our most commercially successful to date. New customers Cricket Australia and A-Leagues, along with expansion at NBL, led to the record billings attained this quarter. With a full quarter of recurring monthly fees from these deals coming in Q3 FY23, we expect the record billings trend to continue. Most importantly, these new deals and the expansion at NBL were based on existing and highly repeatable products, Whizzard and MatchVision, both of which have the LVS platform at their core. This supports our strategy to create replicable success, leveraging our product development efforts into new customers, regions, and segments with the same products.”

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

Details of the business activities of the Company for the December quarter are set out below. This quarter was the first full quarter operating under the cost reduction and restructure measures announced in June 2022 and implemented in Q1 FY23. Expenditure was incurred in respect of:

- Research and development \$363,000: This represents a 39% reduction from prior quarter and encompassed continued development of the LVS SaaS platform, enhancement of productised solutions including Whizzard and deployment of new customers.
- Operating costs \$150,000: This represents a 57% reduction from prior quarter and includes 3rd party costs incurred in operating the SaaS platform and delivering LVS solutions to existing clients.
- Staff and consultant costs including director fees \$379,000: This represents a 31% reduction from prior quarter and included staff costs associated with sales, marketing, sales engineering staff, product management, finance and management of the Company.
- Administration, travel and corporate costs \$89,000: 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")

31 December 2022

| 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 | 60 | 120 |
| 1.2 Payments for | | |
| (a) research and development | (363) | (959) |
| (b) operating costs | (150) | (499) |
| (c) advertising and marketing | (6) | (29) |
| (d) leased assets | - | - |
| (e) staff and consultant costs | (379) | (932) |
| - recruitment fees | - | - |
| (f) administration, travel and corporate costs | (89) | (161) |
| 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) | (5) | (53) |
| 1.9 Net cash from / (used in) operating activities | (932) | (2,513) |
| 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 (6 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) | 896 | 2,220 |
| 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) | - | (12) |
| 3.10 | Net cash from / (used in) financing activities | 896 | 2,208 |

*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 | 694 | 963 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (932) | (2,513) |
| 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) | 896 | 2,208 |
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 658 | 658 |

| 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 | 607 | 643 |
| 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) | 658 | 694 |

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**

134

-

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) | (932) |
| 8.2 | Cash and cash equivalents at quarter end (Item 4.6) | 658 |
| 8.3 | Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 | Total available funding (Item 8.2 + Item 8.3) | 658 |
| 8.5 | Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 0.71 |

- 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,

- the Company has taken steps to reduce ongoing expenditure;
- the Company received \$81,737 in January in respect of invoices during previous periods; and
- the Company has received confirmation that the HMRC has processed its corporate tax return, accordingly the Company expects to receive £242,131 GBP in the coming quarter.

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, 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 2023

Authorised by: By the board