

Linius Technologies Limited

ABN 84 149 796 332

Appendix 4D

Half-year report

31 December 2023

Reporting period

Report for the half-year ended 31 December 2023.

Previous corresponding period is the half-year ended 31 December 2022.

Results for announcement to the market

	Increase/(decrease) over previous corresponding period		
	\$	\$	%
Revenue from ordinary activities	298,052	172,773	137.9%
Loss from ordinary activities after tax attributable to members	(2,617,104)	(112,388)	(4.5%)
Net loss for the period attributable to members	(2,617,104)	(112,388)	(4.5%)

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 2023

The principal activities during the six-month period have been the development and commercialisation of repeatable products built on the company's Linius Video Services (LVS) SaaS platform. 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 including Whizzard and MatchVision targeting primarily the Sports sector.

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	(0.02 cents)	0.00 cents

Signed:



Giuseppe Rinarelli
CFO & Company Secretary

29 February 2024
Melbourne

Linus Technologies Limited

ABN 84 149 796 332

ASX CODE: LNU

**Half-Year Report
31 December 2023**

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 2023

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CORPORATE DIRECTORY

OFFICERS

Gerard Bongiorno	(Non-Executive Chairman)
James Brennan	Executive Director and CEO
Stephen McGovern	(Non-Executive Director) resigned 15 July 2023
John Wallace	(Non-Executive Director)
Barry McNeill	(Non-Executive Director)
Giuseppe Rinarelli	(Company Secretary and CFO)

REGISTERED OFFICE

Level 2,
431 St Kilda Road,
MELBOURNE VIC 3004

AUDITORS

KPMG
Tower 2, Collins Square
727 Collins Street
MELBOURNE VIC 3000

SHARE REGISTRY

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

PRINCIPAL PLACE OF BUSINESS

Level 2,
431 St Kilda Road,
MELBOURNE VIC 3004
Telephone: (03) 8680 2317
Facsimile: (03) 8680 2380
Email: info@linius.com

WEBSITE

www.linius.com

ASX CODE

LNU

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 Linius Technologies Limited (referred to hereafter as the 'Company' or 'parent entity' or 'Linius') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

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

Gerard Bongiorno
Stephen McGovern resigned 15 July 2023
John Wallace
James Brennan
Barry McNeill

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 Sport sector.

Review of operations

Linius' core purpose of unlocking the 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 FY2024 reporting period saw Linius continue to develop, deliver, and commercialise products specifically designed for its target Sports sector. Linius has materially penetrated the sports market with long term contracts working with content from 15 different sporting codes, 40 different sporting federations, in all three of its target geographies (US, Europe, and Asia). Linius expanded deployments with its core product Linius Whizzard, expanded the Whizzard product capabilities with an Automated Highlights module, and launched version 2.0 of Whizzard. Over this time, these products generated additional recurring revenues for the Company.

Linius materially progressed the commercialisation of its technology offering over the H1 FY2024 reporting period:

- Entered the US market for the first time with new contract with Hockey Technology Partners (HTP) signed in July 2023:
 - Service for NAHL TV went live in September. The North American Hockey League (NAHL) is the top junior hockey league in the US. The deal saw HTP build a personalized channel service for NAHL on Linius Media Solutions in just 3 weeks.
 - Following success of the deployment at NAHL, HTP has seen tremendous interest from other clients. The contract with HTP was expanded to include a Master Services Framework, enabling HTP to win two new customers, generating additional recurring and variable fees.
- Successfully entered the US college sports market with the NCAA's Peach Belt Conference (PBC)
 - PBC is already deployed with Whizzard and Automated highlights
 - The initial 3-year contract includes annual license fees and substantial revenue share
 - Highly replicable solution targeting 150 conferences in the NCAA
 - Total addressable market of US college sports for Linius estimated at >\$70m per year
- Linius reached a pivotal milestone with services now live for existing customer IMG
 - IMG, the world's leading sports and media company has now deployed Linius Whizzard as part of the re-launch of the IMG Video Archive service
 - This deployment provides substantial validation and credibility to Linius
 - World leading federations, broadcasters, and content producers are now using Whizzard
 - Already opening and accelerating multiple opportunities
 - Includes the launch of Whizzard 2.0 with functionality that clearly places Linius as the global leader in video search and curation

Linius Technologies Limited
31 December 2023

- Aggressive go-to-market plan is in place and beginning execution to leverage the IMG and PBC launches
- Launch of Whizzard Highlights, a new module for Whizzard, with Cricket Australia (CA) and PBC deploying the new module, resulting in additional recurring and variable fees in future quarters. This marks Linius' entry into the existing large market for automated highlights with significant revenue potential. Automated highlights drive substantial utilization from viewers, increasing the potential variable revenues under the Linius commercial model.
- Inverleigh Media embedded Whizzard into their ENGINE media platform with services going live for end customers New Zealand Rugby and the South Africa, New Zealand, Australia and Argentina Rugby (SANZAAR) federation.
 - Content produced via this integration is now published and available on the NZR+ service.
 - Recurring fees from these deployments began billing in the quarter.
 - With the integration now live, Inverleigh is actively pursuing multiple additional federations under the existing Master Services Agreement which will result in further setup, recurring, and variable fees.
- In October, CA announced their first FAST Channel (Free Ad-supported Television) on Samsung TVs, showing historical matches and highlights. The service is supported by their deployment of Whizzard.
- In October, Racing.com entered into a new multi-year agreement that extends and expands their deployment of Linius solutions including Whizzard and Whizzard Highlights, providing an immediate uplift in monthly recurring fees, further increases in recurring fees as additional modules are deployed, and a new variable fee structure.

Key achievements

New Client - Peach Belt Conference (PBC)

PBC, a 10-school NCAA conference with over 60k students, is our first US college conference that is now live with Whizzard and Automated Highlights. The deployment of Linius Whizzard and Automated Highlights will allow PBC to curate and publish multiple highlights packages for all men and women's basketball games for the first time ever. The solution is highly replicable across other sports, conferences and schools and our contract with PBC includes potential expansion to additional sports and products during the term.

This live deployment is now being shown to every major school and conference with multiple deals in late stage of the sales cycle and major conferences asking for proposals.

The US college sports market represents a major opportunity to the company with over 1,100 schools and 150 conferences in the NCAA and an estimated total addressable market for Linius of >\$70m per year in revenue.

IMG Launch – a pivotal moment in Linius history and key driver of future growth.

IMG are the world's leading sports and media company. IMG relaunched their Video Archive to include Whizzard 2.0 in January 2024. For reference, the IMG Video archive includes the content of 35 leading rights holders including The English Premier League, PGA, Wimbledon, Giro D'Italia.

This product launch is hugely important for Linius as it:

- Puts the industry spotlight on Linius
- Provides global validation and credibility with one of the worlds most respected sports brands
- Key target customers are using Whizzard
- Accelerates opportunities
 - Growth within IMG Video Archive
 - Expansion within IMG
 - Federations within IMG Archive
 - All Broadcasters, federations and technology providers who follow the market leaders
 - Industry tech providers seeing the success for this integration

We are excited to see that IMG are heavily promoting the service to its clients, which includes sports federations, broadcasters and content producers.

Existing clients continue to drive value and expand agreements

Linius clients are generating significant value from the technology and as a result continue to buy more modules of our technology, bring new clients and new revenues.

- Cricket Australia actively using Whizzard and Automated Highlights to create and publish content.
- Cricket Australia have now launched their new FAST streaming channel on Samsung TVs.
- Hockey Technology Partners expanded with 2 additional clients using personal channels, generating additional monthly license fees.
- Multiple deployments with other federations & schools expected in coming quarters.
- Inverleigh Media is developing multiple opportunities under the existing Master Services Framework with Linius that are in final stages of the sales cycle.
- Racing.com entered into a new multi-year agreement that extends and expands their deployment of Linius solutions including Whizzard and Whizzard Highlights, providing an immediate uplift in monthly recurring fees and a new variable fee structure.

Pipeline, Growth, and a Path to Profitability

With the who's who of tier 1 sports now using our solutions, we have the technology and credibility to continue increasing the rate of new revenue arrival.

Linius is actively targeting 4 overlapping and complementary market segments in the global sports markets:

- Sports Federations
- Sports Broadcasters
- NCAA US College Sports
- Industry technology providers

New partners and commission-based deal agents are supporting go to market activities in each market and region.

During Q2 FY24, Linius attended Sportel, the largest annual global conference for sports, broadcast and technology. The conference has progressed several deals in the sales cycle and generated substantial new pipeline with broadcasters, sports federations, and OTT/media solution providers.

With significant growth and maturity of the commercial pipeline during the period, Linius has a path forward to profitability based on ARR/MRR growth via:

- Existing customers
 - Deployment with IMG and resulting recurring fees.
 - Upsell, cross-sell and expansion opportunities with existing customers including HTP, Inverleigh, Cricket Australia, and IMG.
 - Variable fees including utilisation and revenue share fees.
- Master framework agreements
 - These agreements with existing customers including Inverleigh and HTP enable rapid expansion and revenue growth with minimal effort and cost from Linius.
 - Standard contract terms provide known setup, recurring, and variable fees for each additional deployment under the agreement. Standard deployment processes ensure rapid deployment at minimal cost and reduced time to revenue.
 - These agreements have already seen successful expansions, multiple additional opportunities in the pipeline, and focused business development efforts from these customers to drive further expansion.
- New customers in the same sports
 - The Company is actively working to replicate its success in current sports such as cricket and football, repeating the same solutions with new customers in these sports.
 - Existing case studies act as proof points to reduce the sales cycle.
 - Repeatable deployment of existing solutions means faster time to revenue and greater margins on each deal.
- New customers in new sports
 - Linius' growing customer base is providing cross sport credibility, making it easier to target customers in new sports including American football, volleyball, baseball, and eSports.

- New Geographies
 - The US sports market is the single most important market for the Company's future growth:
 - North America is the largest market at over 37% of the roughly US\$460 billion global sports market.
 - The US market presents key opportunities for Linius in professional sports (Tier 1 & Tier 2), broadcasters, college sport, and high school sport.
 - With its first two deployments in the US now live, Linius will be focusing heavily on expansion in this new market through its existing and new commission-based sales partners as well as its US-based board members.
 - The Company has recently brought on additional commission-based business development partners to support growth in new geographies including US, LATAM, the Middle East, India, Asia, and Europe.
- New segments
 - The broadcast segment represents the largest opportunity for Linius as broadcasters have access to billions of viewers as well as multiple sports and leagues. Linius is currently developing opportunities with broadcasters across all target regions.
 - The college sports market in the US is an attractive, highly repeatable market opportunity for Linius. With over 1,100 schools, 150 divisions, and dozens of sports in the National Collegiate Athletics Association (NCAA), this market is currently being targeted with multiple opportunities well advanced in the sales cycle.
- New product extensions
 - Automated Highlights – with the launch of Whizzard Highlights, Linius has now entered the existing large market for automated highlights. Most of Linius' target customers already utilize automated highlights solutions with associated 6 to 7-figure budgets. Automated highlights are one of the most watched categories of sports videos, presenting one of the largest adoption and monetization growth opportunities for Linius and its customers. Whizzard Highlights provides capabilities similar to existing solutions while minimizing the movement, clipping and creation of video files normally associated with such solutions. Initial pipeline opportunities prove that our ability to provide automated highlights without ingesting, copying or moving the customer's files and the ability to create highlights of every moment and infinite assembly combinations with no new files or storage are major benefits. Linius can create multiple automated highlight packages from thousands of archive games in seconds – something no other solution can do.
 - Fan Engagement – with Whizzard leading the entry into most opportunities, new fan engagement modules will launch shortly which will enable clients to easily open the value of their archives directly to fans. Fan engagement solutions complement Whizzard, enabling customers to create fan-facing experiences that combine curated videos from Whizzard with personalized video experiences driven directly by fans including a Natural Language Search Bar, dynamic video players with click-to-personalize features, automated highlights, and related/recommended content carousels. This drives a deep analytic capability that provides insights to production and editorial teams to help them build even better curated content out of Whizzard.
 - These new products create upsell opportunities with new clients and secure new deals through the provision of multiple use cases from the same platform. New products will support entry into larger markets and drive increased deal sizes.
- New paths to market
 - The Company is developing multiple opportunities with OTT platforms that power the world's broadcasters, media production companies, web/app developers, and sports tech companies which will look to embed Linius Media Solutions into their products and services, greatly enhancing the scale of Linius' GTM efforts. These companies already provide complementary services to our target customers, including broadcasters and leagues. They see tremendous value in adding Linius Media Solutions to their portfolio, driving greater utilization of customers' video archives and driving efficiencies in their media production workflows. By utilizing their existing relationships, contract, and global sales teams, Linius can achieve accelerated growth with minimal cost.

Capital Raising Activities

Linius raised \$2,522,000 in new capital from professional and sophisticated investors during the period, including a \$338,000 investment from Linius directors and their nominees.

Proceeds from these issues will fund planned sales and marketing spending needed to increase client awareness of the Linius 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 2023, the Group incurred an operating net loss of \$2,617,104 (2022: \$2,504,716) and net cash outflows from operating activities of \$2,321,849 (2022: \$2,419,033). The consolidated entity had net assets of \$767,000 at 31 December 2023 (30 June 2023: \$783,854) and cash on hand of \$360,083 (30 June 2023: \$481,037).

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

On 14 February 2024, the Company issued 257,500,000 shares as part of a \$565,000 placement of fully paid ordinary shares at \$0.002 per share to professional and sophisticated investors (including directors and management) that was announced to ASX on 5 February 2024.

Other than the above no matters or circumstances has arisen since 31 December 2023 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 18.

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

On behalf of the directors



Gerard Bongiorno
Chairman

29 February 2024
Melbourne

Linius Technologies Limited
Contents
31 December 2023

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General information

The financial statements cover Linius Technologies Limited as a consolidated entity consisting of Linius 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 Linius Technologies Limited's functional and presentation currency.

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

Registered office

Level 2
431 St Kilda Road
Melbourne VIC 3004

Principal place of business

Level 2
431 St Kilda Road
Melbourne VIC 3004

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 29 February 2024.

Linius Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
	Note	December 2023	December 2022
		\$	\$
Revenue			
Revenue	4	298,052	125,279
Other Income	4	152,088	229,711
Expenses			
Administrative expenses		(106,502)	(232,222)
Amortisation expenses		(270,000)	(270,000)
Depreciation expenses		-	(8,460)
Employee expenses		(499,746)	(604,909)
Consultant expenses		(290,174)	(224,389)
Director remuneration expenses (excluding share-based payments)		(113,716)	(86,141)
Share based payment expense	8	(124,760)	(182,619)
Financial and compliance expenses		(142,834)	(141,894)
Marketing and promotional expenses		(31,314)	(41,498)
Software development expenses		(1,438,921)	(1,043,246)
Patent expenses		(7,622)	(19,524)
Travel and accommodation expenses		(41,655)	(4,804)
Loss before income tax		<u>(2,617,104)</u>	<u>(2,504,716)</u>
Income tax expense	10	-	-
Loss after income tax expense for the half year attributable to owners of the parent		<u>(2,617,104)</u>	<u>(2,504,716)</u>
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive loss for the half year attributable to owners of the parent		<u>(2,617,104)</u>	<u>(2,504,716)</u>
Loss per share for loss attributable to the owners of the parent			
Basic and diluted loss per share		(0.06)	(0.11)
Weighted average number of shares used in determining basic loss per share		4,262,692,254	2,341,186,719

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

Linius Technologies Limited
Consolidated statement of financial position
As at 31 December 2023

		Consolidated	
	Note	December 2023	June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		360,083	481,037
Trade and other receivables	5	572,151	256,584
Total current assets		<u>932,234</u>	<u>737,621</u>
Non-current assets			
Intellectual property	6	1,035,000	1,305,000
Total non-current assets		<u>1,035,000</u>	<u>1,305,000</u>
Total assets		<u>1,967,234</u>	<u>2,042,621</u>
Liabilities			
Current liabilities			
Trade and other payables		740,864	885,740
Contract liabilities	7	375,729	282,058
Employee provisions		83,641	90,969
Total current liabilities		<u>1,200,234</u>	<u>1,258,767</u>
Non-current liabilities			
Financial liabilities		-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>1,200,234</u>	<u>1,258,767</u>
Net assets		<u>767,000</u>	<u>783,854</u>
Equity			
Issued capital	8	57,328,395	54,855,868
Reserves		6,106,501	5,978,778
Accumulated losses		(62,667,896)	(60,050,792)
Total equity		<u>767,000</u>	<u>783,854</u>

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

Linius Technologies Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	Equity settled benefits reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	49,869,362	5,680,831	(54,813,561)	736,632
Loss after income tax expense for the half year	-	-	(2,504,716)	(2,504,716)
Total comprehensive loss for the half year	-	-	(2,504,716)	(2,504,716)
<i>Transactions with owners in their capacity as owners:</i>				
Shares and options issued during the year (net of capital raising costs)	3,080,884	-	-	3,080,884
Share based payments	-	182,619	-	182,619
Total transactions with owners of the Company	3,080,884	182,619	-	3,263,503
Balance at 31 December 2022	52,950,246	5,863,450	(57,318,277)	1,495,419
Balance at 1 July 2023	54,855,868	5,978,778	(60,050,792)	783,854
Loss after income tax expense for the half year	-	-	(2,617,104)	(2,617,104)
Total comprehensive loss for the half year	-	-	(2,617,104)	(2,617,104)
<i>Transactions with owners in their capacity as owners:</i>				
Shares and options issued during the year (net of capital raising costs)	2,472,527	-	-	2,472,527
Share based payments	-	127,723	-	127,723
Total transactions with owners of the Company	2,472,527	127,723	-	2,600,250
Balance at 31 December 2023	57,328,395	6,106,501	(62,667,896)	767,000

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

Linius Technologies Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	Note	Consolidated	
		December 2023 \$	December 2022 \$
Cash flows from operating activities			
Receipts from customers		302,378	119,598
Receipts from GST refundable		86,320	94,288
Payments to suppliers		(2,710,547)	(2,632,919)
Net cash used in operating activities		<u>(2,321,849)</u>	<u>(2,419,033)</u>
Cash flows from investing activities			
Payments for property plant & equipment		-	-
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares	8	2,323,439	2,264,709
Capital raising costs paid		(35,620)	(43,825)
Insurance premium funding payments		(86,924)	(94,894)
Principal elements of lease liability		-	(12,500)
Net cash from financing activities		<u>2,200,895</u>	<u>2,113,490</u>
Net decrease in cash and cash equivalents		(120,954)	(305,543)
Cash and cash equivalents at the beginning of the half year		<u>481,037</u>	<u>963,482</u>
Cash and cash equivalents at the end of the half year		<u><u>360,083</u></u>	<u><u>657,939</u></u>

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

Linius Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 1. Material accounting policies

Reporting entity

Linius 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 2023 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 2023.

These interim financial statements were authorised for issue by the Company’s Board of Directors on 29 February 2024.

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 2023, which are available at the Company’s registered office located at Level 2, 431 St Kilda Road, Melbourne, Victoria and on the website www.Linius.com.

Changes in material 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 2023. A number of new standards are effective from 1 July 2023 but they do not have a material effect on the Group’s financial statements.

The Group also adopted Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (Amendments to AASB 1049, 1054 and 1060) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosure in the financial statements.

The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 1 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

Going concern

For the half year ended 31 December 2023, the Group incurred an operating net loss of \$2,617,104 (2022: \$2,504,716) and net cash outflows from operating activities of \$2,321,849 (2022: \$2,419,033). The consolidated entity had net assets of \$767,000 at 31 December 2023 (30 June 2023: \$783,854) and cash on hand of \$360,083 (30 June 2023: \$481,037).

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.

Linius Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 1. Material accounting policies (continued)

Going concern (continued)

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 2024 until 31 March 2025 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.

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
	2023	2022
	\$	\$
Revenue from services rendered	298,052	125,279
Other income:		
Government grants**	152,088	229,711
Total revenue and other income	<u>450,140</u>	<u>354,990</u>

* Income in advance amounting to \$375,729 (December 2022: \$55,056) is included in note 7.

**Government grants related to research and development claim remain outstanding as at 31 December 2023 and form part of trade and other receivables.

Note 5. Trade and other receivables

	Consolidated	
	December	June
	2023	2023
	\$	\$
Accounts receivable	177,241	162,913
Prepaid expenses and other receivables*	394,910	93,671
	<u>572,151</u>	<u>256,584</u>

Accounts receivable are shown net of impairment losses of \$nil (2023: \$nil)

*This includes receivables from related parties.

Linius Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 6. Intellectual property

The Group acquired the intellectual property associated with the Linius 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
	2023	2023
	\$	\$
Intellectual property at cost	5,400,000	5,400,000
Accumulated amortisation	<u>(4,365,000)</u>	<u>(4,095,000)</u>
	<u>1,035,000</u>	<u>1,305,000</u>

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

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 Linius Technologies Limited (Linius) 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 Linius have traded in a ready market, supporting the value of the intellectual property asset. The assets of the Group at 31 December 2023 consist principally of cash of \$360,083 and intellectual property, after amortisation, of \$1,035,000. Net assets are \$767,000.

Linius shares closed at a price of 0.2 cents per share on 31 December 2023. Total fully paid ordinary shares on issue at 31 December 2023 are 4,939,240,714. This gives a market capitalisation of Linius of \$9,878,481 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 2023 is supported by the current market value of Linius.

Note 7. Contract Liabilities

	Consolidated	
	December	June
	2023	2023
	\$	\$
Contract liabilities	375,729	282,058
Total Contract liabilities	<u>375,729</u>	<u>282,058</u>

Linius Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 8. Equity - issued capital

	Legal Parent		Consolidated	
	December 2023 Shares	June 2023 Shares	December 2023 \$	June 2023 \$
Ordinary shares - fully paid	<u>4,939,240,714</u>	<u>3,765,457,374</u>	<u>57,328,395</u>	<u>54,855,868</u>

Movements in ordinary share capital

Details	Date	No. of shares Legal Parent
Legal parent		
Balance as at 30 June 2023		3,765,457,374
Issue of shares through private placement (Directors)*	July 2023	23,333,340
Issue of shares as share-based payment to consultants**	August 2023	18,000,000
Issue of shares through private placement^	August 2023	423,000,000
Issue of shares through private placement*	October 2023	292,500,000
Issue of shares through share purchase plan*	December 2023	160,500,000
Issue of shares as share-based payment to consultants**	December 2023	9,000,000
Issue of shares as share-based payment to consultants**	December 2023	18,000,000
Issue of shares through private placement (Directors)*	December 2023	67,200,000
Issue of shares through private placement (Directors)*	December 2023	50,000,000
Issue of shares through private placement*	December 2023	110,250,000
Issue of remuneration shares to Director**	December 2023	2,000,000
Balance as at 31 December 2023		<u>4,939,240,714</u>

Details	Date	\$
Consolidated entity		
Balance as at 30 June 2023		54,855,868
Issue of shares through private placement (Directors)*	July 2023	68,950
Issue of shares as share-based payment to consultants**	August 2023	-
Issue of shares through private placement^	August 2023	1,040,899
Issue of shares through private placement*	October 2023	578,769
Issue of shares through share purchase plan*	December 2023	318,046
Issue of shares as share-based payment to consultants**	December 2023	-
Issue of shares as share-based payment to consultants**	December 2023	-
Issue of shares through private placement (Directors)*	December 2023	166,767
Issue of shares through private placement (Directors)*	December 2023	99,082
Issue of shares through private placement*	December 2023	200,014
Issue of remuneration shares to Director**	December 2023	-
Balance as at 31 December 2023		<u>57,328,395</u>

*Net of \$29,909 (2022: \$43,825) other transaction costs.

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

^Net of \$2,963 of share based payment transaction costs and \$16,601 of other transaction costs.

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 expense arising from share-based payment transactions recognised during the financial period were \$124,760 (\$182,619 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.

Linius Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2023

Note 9. 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 2023.

Note 10. Tax expense

The consolidated entity's effective tax rate in respect of its continuing operations for the six months ended 31 December 2023 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 11. Matters subsequent to the end of the financial period

On 14 February 2024, the Company issued 257,500,000 shares as part of a \$565,000 placement of fully paid ordinary shares at \$0.002 per share to professional and sophisticated investors (including directors and management) that was announced to ASX on 5 February 2024.

Other than the above no matters or circumstances has arisen since 31 December 2023 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 2023

In the opinion of the directors of Linus Technologies Limited and its controlled entities ("the Group"):

1. the half year financial statements and notes set out on pages 8 to 16, 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 2023 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 Group 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

29 February 2024
Melbourne



Independent Auditor's Review Report

To the shareholders of Linius Technologies Limited

Report on the Half-year Financial Report

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 2023 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 Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2023
- 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 11 comprising material 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 2023.

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 these requirements.

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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 2023 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

29 February 2024



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 Limited for the half-year ended 31 December 2023 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

KPMG

Dana Bentley
Partner

Melbourne

29 February 2024