

Linus Technologies Limited

ABN 84 149 796 332

Appendix 4D

Half-year report

31 December 2024

Reporting period

Report for the half-year ended 31 December 2024.

Previous corresponding period is the half-year ended 31 December 2023.

Results for announcement to the market

	Increase/(decrease) over previous corresponding period		
	\$	\$	%
Revenue from ordinary activities	414,911	116,859	39.2%
Loss from ordinary activities after tax attributable to members	(2,352,852)	(264,252)	(10.1%)
Net loss for the period attributable to members	(2,352,852)	(264,252)	(10.1%)

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 2024

The principal activities during the six-month period have been the development and commercialisation of repeatable products built on the company's Linus 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, Whizzard Highlights, and Captivate targeting primarily the Sports and Broadcast 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	(0.02 cents)	(0.02 cents)

Signed:



Giuseppe Rinarelli
Executive Director CFO & Company Secretary

28 February 2025
Melbourne

Linus Technologies Limited

ABN 84 149 796 332

ASX CODE: LNU

Half-Year Report 31 December 2024

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 2024

CORPORATE DIRECTORY

OFFICERS

Gerard Bongiorno	Non-Executive Chairman
James Brennan	Executive Director and CEO resigned 14 January 2025
John Wallace	Non-Executive Director
Barry McNeill	Non-Executive Director
Giuseppe Rinarelli	Company Secretary and CFO and appointed Executive Director 14 January 2025
Ben Taverner	CEO appointed 1 February 2025

REGISTERED OFFICE

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431 St Kilda Road,
MELBOURNE VIC 3004

AUDITORS

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MELBOURNE VIC 3000

SHARE REGISTRY

Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6009
Telephone: (08) 9389 8033
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PRINCIPAL PLACE OF BUSINESS

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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 2024.

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

John Wallace

James Brennan resigned 14 January 2025

Barry McNeill

Giuseppe Rinarelli appointed 14 January 2025

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 FY2025 reporting period saw Linius continue to develop, deliver, and commercialise products specifically designed for its target Sports sector. Linus 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, and launched a new fan engagement solution, Captivate. Over this time, these products generated additional recurring revenues for the Company.

Key achievements

- In January, announced the appointment of new Chief Executive Officer, Ben Taverner
 - Highly accomplished track record within leading international sports organizations and technology providers such as IMG, Juventus Football Club, and KORE (now part of Two Circles).
 - Exceptional global network of decision makers in the sports and entertainment industries.
 - Commenced in the role on 1 February 2025.
- Expansion of the Linius Media Solutions portfolio with the availability of new product, Captivate, a personalized and socially-centred viewer engagement solution targeted to broadcasters and sports federations
 - Captivate is based on the learnings from our existing clients and partners, as well as existing deployments of Whizzard and other fan engagement solutions and focuses on the biggest issue in the broadcast and sports market today – lost engagement to social applications like YouTube, TikTok, and Instagram.
 - It is a natural extension of Linius Video Services, Whizzard, and Whizzard Highlights, taking Linius solutions directly to the point of monetization – viewer engagement.
 - Launched in Q1 FY25, Captivate has created multiple opportunities now in the late stages of the sales cycle in the much larger broadcast market and is driving bigger deal sizes with sports federations and other rights holders through significant increases in the volume of video streamed.
 - Captivate expected to drive a substantial increase in recurring revenue in FY25 and pull through an increase in revenue from Whizzard and Whizzard Highlights.
 - Captivate combines best experiences of apps like YouTube and TikTok with the highest quality sport, news, and entertainment content from broadcasters/federations, with an unmatched level of personalization.

- It is a broadcast grade, highly scalable engine for this content, made available through a series of publicly available APIs and service components. Broadcasters and federations can combine and deploy these into their existing digital sites and apps. It is a pure SaaS solution from Linius with a scalable SaaS deployment methodology and commercial model.
- It includes:
 - Instant presentation of video content
 - Simple navigation through content
 - Likes, views, sharing, and following
 - User generated content
 - Carousels of the latest, trending, popular and promoted content
 - Constant presentation of related content to keep the viewer engaged
 - Dynamic assembly of hyper-personalized content – the system learns from my interactions and dynamically creates content to my specific preferences
 - Intuitive search and filtering
- Captivate was launched in September at the IBC trade show and is already generating significant interest and opportunities from global broadcasters, sports federations, and partners with multiple opportunities and proposals in development.
- Signed New Customer – Brown University (Brown)
 - Brown is Linius's third client in the US College Sports Market and the first customer in NCAA Division 1, the premier level of US collegiate athletics, and a member of the prestigious Ivy League Conference.
 - The agreement is for an initial 3-year term and includes an annual license fee and several expansion opportunities across Brown
 - Brown has deployed Linius Whizzard and Whizzard Highlights, its automated highlights extension.
 - Brown is now able to curate videos and publish automated highlight reels for the 2024/25 men's and women's basketball season.
 - The solution is already live and was deployed in just a few days, highlighting the scalability of these solutions across the US college sports market.
 - Kelvin Queliz, Senior Associate Director of Athletics for Strategic Communication and content Creation said, "The efficiency of Whizzard makes it possible for our small media team to produce and publish highlight videos for every game for the first time".
- Forged additional key industry partnerships to scale revenue growth
 - Partnerships will be a significant engine for growth and are expected to represent over 50% of our new revenue in coming financial year.
 - Signed a strategic partnership with Prime Focus Technologies (PFT)
 - Prime Focus is the world's largest independent integrated media services company with customers including Walt Disney-owned Star TV, Channel 4, ITV, Warner Bros. Discovery, Paramount, Disney+ Hotstar, BCCI, Amazon, MGM Studios and more
 - Linius and PFT will integrate Linius Media Solutions with PFT's CLEAR and CLEAR AI solutions
 - PFT will resell the Linius Media Solutions portfolio including Whizzard, Whizzard Highlights, Captivate, and the Linius Video Services platform and APIs
 - Joint solutions include AI-powered automated highlights and personalised content curation for sports and broadcast customers, which will be marketed and sold to PFT's existing installed base and new business opportunities
 - Several opportunities with leading global sports federations are already in development
 - Signed a strategic partnership agreement with Fujitsu
 - Head-quartered in Japan, Fujitsu is a multi-national information and communications technology equipment and services corporation and the top digital services company in Japan by market share.
 - Partnership delivers a suite of solutions combining Linius' video platform with Fujitsu's deep industry expertise and global reach and Fujitsu Kozuchi for Vision, Fujitsu's AI service
 - Joint solutions are expected to be particularly impactful in industries including security/surveillance, airport and transportation operations, border services, police/fire services operations, site/asset inspections and maintenance, retail analysis, consumer behaviour, and more.
 - Currently engaged with Fujitsu sales teams across the world, the partnership is actively developing opportunities across a variety of applications including school safety in the US, airport/transportation monitoring, safety in retail and other public spaces, policing, and more.
 - These markets have potential for a substantial revenue stream for Linius.

- o Progressed existing partnerships with Magnifi, Prime Focus, StatsPerform, Genius, and Avid, with multiple opportunities currently in development with each partner. These well-advanced partnerships are expected to increase revenue by more than 25% in the next 2 quarters
- Signed a global distribution agreement with Cricket Australia (CA) that enables Linus to sell the rights to the entire CA video archive together with Linus Captivate, Whizzard, and Whizzard Highlights. The combination of product + content provides a turn-key package that we are actively selling to broadcasters in various markets and will accelerate adoption of Captivate and Whizzard. The package increases potential deal sizes by over 100%
- Supported customers in their usage of Linus Media Solutions for new seasons
 - o Includes rollouts for American football for Lone Star Conference, soccer for Peach Belt Conference, and ice hockey via customer HTP for various federations and schools including North American Hockey League, USA Hockey, and Shattuck St Marys
 - o HTP has rolled out Whizzard to existing clients, in addition to their existing Personalized Channel fan engagement solution
 - o Racing.com now actively utilizing Whizzard, with their former bespoke editorial/curation solution now decommissioned
- Linus participated in major industry tradeshow including IBC and Sportel, launching new product Captivate with partner Magnifi at IBC driving multiple deals further in the sales cycle and adding new opportunities to the pipeline.
- In August, the Company implemented a restructure, reducing annualized costs by nearly \$1million. With the launch of Captivate, incremental ongoing development to existing products, and a streamlined deployment process, significant cost reductions in engineering were achieved, in addition to other cost reductions across the operation.

Capital Raising Activities

During the period Linus raised an aggregate of \$923,983, net of transaction costs, through issues of fully paid ordinary shares and \$1,075,000 through the issues of convertible notes, to professional and sophisticated investors.

Proceeds from these issues are funding planned sales and marketing spending needed to increase client awareness of the Linus product offerings as well as on going product development and working capital.

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 2024, the Group incurred an operating net loss of \$2,352,852 (2023: \$2,617,104) and net cash outflows from operating activities of \$1,484,887 (2023: \$2,321,849). The consolidated entity had net asset deficiency of \$746,416 at 31 December 2024 (30 June 2024: \$203,701 deficiency) and cash on hand of \$122,721 (30 June 2024: \$201,011).

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

In late February 2025, the Company raised a further \$350,000 through the issue of convertible notes to professional and sophisticated investors.

Other than the above no matters or circumstances has arisen since 31 December 2024 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 20.

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

On behalf of the directors

A handwritten signature in black ink, appearing to be 'GB' followed by a stylized flourish.

Gerard Bongiorno
Chairman

28 February 2025
Melbourne

Contents

Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	17
Independent auditor's review report to the members of Linus Technologies Limited	18
Auditor's Independence Declaration	20

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

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 28 February 2025.

Linius Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

		Consolidated	
	Note	December 2024	December 2023
		\$	\$
Revenue			
Revenue	4	414,911	298,052
Other Income	4	857	152,088
Expenses			
Amortisation expenses		(270,000)	(270,000)
Consultant expenses		(317,601)	(290,174)
Director remuneration expenses (excluding share-based payments)		(124,272)	(113,716)
Employee expenses		(403,106)	(499,746)
Share based payment expense	9	(257,896)	(124,760)
Finance expenses		(95,390)	(106,502)
Compliance expenses		(242,403)	(142,834)
Software development expenses		(982,250)	(1,438,921)
Marketing and promotional expenses		(15,648)	(31,314)
Patent expenses		(36,008)	(7,622)
Travel and accommodation expenses		(24,046)	(41,655)
Loss before income tax		(2,352,852)	(2,617,104)
Income tax expense	11	-	-
Loss after income tax expense for the half year attributable to owners of the parent		(2,352,852)	(2,617,104)
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive loss for the half year attributable to owners of the parent		(2,352,852)	(2,617,104)
Loss per share for loss attributable to the owners of the parent		Cents	Cents
Basic and diluted loss per share		(0.04)	(0.06)
Weighted average number of shares used in determining basic loss per share		5,812,914,491	4,262,692,254

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 2024

		Consolidated	
	Note	December 2024	June 2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		122,721	201,011
Trade and other receivables	5	471,607	342,378
Total current assets		<u>594,328</u>	<u>543,389</u>
Non-current assets			
Intellectual property	6	495,000	765,000
Total non-current assets		<u>495,000</u>	<u>765,000</u>
Total assets		<u>1,089,328</u>	<u>1,308,389</u>
Liabilities			
Current liabilities			
Trade and other payables		965,886	1,172,931
Contract liabilities	7	120,019	233,970
Employee provisions		107,481	87,061
Total current liabilities		<u>1,193,386</u>	<u>1,493,962</u>
Non-current liabilities			
Trade and other payables		71,900	-
Employee provisions		18,128	18,128
Financial liabilities	8	552,330	-
Total non-current liabilities		<u>642,358</u>	<u>18,128</u>
Total liabilities		<u>1,835,744</u>	<u>1,512,090</u>
Net liabilities		<u>(746,416)</u>	<u>(203,701)</u>
Equity			
Issued capital	9	59,428,522	58,504,539
Reserves		7,017,835	6,131,681
Accumulated losses		(67,192,773)	(64,839,921)
Total deficiency in equity		<u>(746,416)</u>	<u>(203,701)</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 2024

Consolidated	Issued capital \$	Equity reserve on Convertible Notes \$	Equity settled benefits reserve \$	Accumulated losses \$	Total Deficiency in equity \$
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 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
Balance at 1 July 2024	58,504,539	-	6,131,681	(64,839,921)	(203,701)
Loss after income tax expense for the half year	-	-	-	(2,352,852)	(2,352,852)
Total comprehensive loss for the half year	-	-	-	(2,352,852)	(2,352,852)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the year (net of capital raising costs)	923,983	-	-	-	923,983
Issue of convertible notes during the year	-	601,308	-	-	601,308
Share based payments	-	-	284,846	-	284,846
Total transactions with owners of the Company	923,983	601,308	284,846	-	1,810,137
Balance at 31 December 2024	59,428,522	601,308	6,416,527	(67,192,773)	(746,416)

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 2024

		Consolidated	
	Note	December 2024	December 2023
		\$	\$
Cash flows from operating activities			
Receipts from customers		299,161	302,378
Receipts from GST refundable		72,493	86,320
Payments to suppliers		(1,840,646)	(2,703,327)
Interest received		857	-
Interest paid		(16,752)	(7,220)
Net cash used in operating activities		<u>(1,484,887)</u>	<u>(2,321,849)</u>
Cash flows from investing activities			
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares	9	430,000	2,323,439
Proceeds from issue of convertible notes	8	1,075,000	-
Capital raising costs paid		(9,067)	(35,620)
Insurance premium funding payments		(89,336)	(86,924)
Net cash from financing activities		<u>1,406,597</u>	<u>2,200,895</u>
Net decrease in cash and cash equivalents		(78,290)	(120,954)
Cash and cash equivalents at the beginning of the half year		<u>201,011</u>	<u>481,037</u>
Cash and cash equivalents at the end of the half year		<u><u>122,721</u></u>	<u><u>360,083</u></u>

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

NOTE 1. STATEMENT OF 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 2024 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 2024.

These interim financial statements were authorised for issue by the Company's Board of Directors on 28 February 2025.

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 2024, which are available at the Company's registered office located at Level 2, 431 St Kilda Road, Melbourne, Victoria and on the website www.Linus.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 2024. A number of new standards are effective from 1 July 2024 but they do not have a material effect on the Group's financial statements.

Going concern

For the half year ended 31 December 2024, the Group incurred an operating net loss of \$2,352,852 (2023: \$2,617,104) and net cash outflows from operating activities of \$1,484,887 (2023: \$2,321,849). The consolidated entity had net asset deficiency of \$746,416 at 31 December 2024 (30 June 2024: \$203,701 deficiency) and cash on hand of \$122,721 (30 June 2024: \$201,011).

The ability of the Group to continue as a going concern is dependent upon a number of factors, one being the continuation and 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 annual financial statements.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

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

- projected cash outflows, 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 the Group's 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;
- the ability of the Company to call upon a standby equity facility with a non-related party which provides the Company the ability to access up to \$1,500,000 in equity over the next 18 months (expiring 6 March 2026), at its discretion; and
- the Directors have prepared cash flow projections for the period from 1 January 2025 until 31 March 2026 that support the Group's ability to continue as a going concern. These cashflow projections assume the Group's ability to control expenditures to the level of funding available in addition to raising additional capital in order to maintain positive cash flows.

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.

In late February 2025, the Company raised a further \$350,000 through the issue of convertible notes to professional and sophisticated investors.

Further to the above the Group has the capacity to raise additional capital and such capital would provide the Group with sufficient funding to meet its planned development and commercialisation activities for the period of the cashflow projections.

The Group's ability to continue to operate as a going concern is dependent upon the items listed above, the achievement of which is uncertain at the date of approval of these financial statements. 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 and seller of computer software.

Linus Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2024

NOTE 4. Revenue and other income

	Consolidated	
	December	December
	2024	2023
	\$	\$
Revenue from services rendered	414,911	298,052
Other income:		
Interest income	857	-
Government grants**	-	152,088
Total revenue and other income	<u>415,768</u>	<u>450,140</u>

* Income in advance amounting to \$120,019 (December 2023: \$375,729) is included in note 7.

**Government grants related to research and development claim at 30 June 2024 of \$113,886 remain outstanding as at 31 December 2024 and form part of trade and other receivables.

NOTE 5. Trade and other receivables

	Consolidated	
	December	June
	2024	2024
	\$	\$
Accounts receivable	245,533	209,885
Prepaid expenses and other receivables*	226,074	132,493
	<u>471,607</u>	<u>342,378</u>

Accounts receivable are shown net of impairment losses of \$nil (2024: \$4,750).

* Includes director related receivables of \$139,151 for the issuance of shares, which is being settled by 2025 financial year director remuneration, in lieu of cash.

NOTE 6. 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
	2024	2024
	\$	\$
Intellectual property at cost	5,400,000	5,400,000
Accumulated amortisation	<u>(4,905,000)</u>	<u>(4,635,000)</u>
	<u>495,000</u>	<u>765,000</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 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.

Linius Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2024

NOTE 6. Intellectual property (continued)

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 2024 consist principally of cash of \$122,721 and intellectual property, after amortisation, of \$495,000. Net deficiency in assets are (\$1,310,080).

Linius shares closed at a price of 0.2 cents per share on 31 December 2024. Total fully paid ordinary shares on issue at 31 December 2024 are 6,151,715,714. This gives a market capitalisation of Linius of \$12,303,431. 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 2024 is supported by the current market value of Linius.

NOTE 7. Contract Liabilities

	Consolidated	
	December 2024	June 2024
	\$	\$
Contract liabilities	120,019	233,970
Total Contract liabilities	<u>120,019</u>	<u>233,970</u>

NOTE 8. Financial Liabilities

In September 2024, the Company entered into a convertible note deed poll enabling the Company to issue up to \$3 million of funding.

Under the terms of the deed, the company is able to issue Convertible Notes over four tranches. During the period the Company issued the following:

Tranche 1: \$380,000 in September 2024

Tranche 2: \$445,000 in October 2024

Tranche 3: \$250,000 in November 2024.

Tranche 4: Up to \$1,000,000 in Convertible Notes can be issued until 28 February 2025.

The convertible notes mature as follows:

Tranches 1 and 2 mature 24 months from the date of receipt of Tranche 1 funds.

Tranches 3 and 4 mature on the date that is 24 months from the date of receipt of funds for the relevant Tranche.

The notes are convertible at the Note holders election into ordinary shares on the following terms:

Tranche 1 and 2: the issue price on conversion shall be the value contributed plus accrued interest thereon at a share price of \$0.002;

Tranche 2 and 3: the issue price on conversion shall be the value contributed plus accrued interest thereon at the 10 day VWAP of LNU shares on the ASX and Chi-X markets prior to the date of issue of the relevant Notes, with a floor price of \$0.002.

As the convertible notes contain conversion features AASB 9 Financial Instruments requires the disaggregation of the equity and financial liability components. The full amount of A\$1,075,000 is discounted back to present value using prevailing market interest rates for an equivalent loan, which is estimated at 85%. The fair value of the loan is estimated at A\$473,692. The difference is the amount that is recognised as a convertible note reserve. A total of A\$78,638 represents the unwinding of the present value discount up to 31 December 2024 and is recognised in the statement of profit or loss and other comprehensive income under finance expense.

Linus Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2024

NOTE 9. Equity - issued capital

	Legal Parent		Consolidated	
	December 2024	June 2024	December 2024	June 2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>6,151,215,714</u>	<u>5,546,740,714</u>	<u>59,428,522</u>	<u>58,504,539</u>

Movements in ordinary share capital

Details	Date	No. of shares Legal Parent
Legal parent		
Balance as at 30 June 2024		5,546,740,714
Issue of shares through private placement	September 2024	37,500,000
Issue of shares through private placement	September 2024	182,500,000
Issue of shares through private placement	September 2024	81,000,000
Issue of shares as share-based payment to consultants**	September 2024	17,500,000
Issue of shares through private placement (Directors)*	October 2024	207,500,000
Issue of shares as share-based payment to consultants**	October 2024	12,500,000
Issue of shares through private placement*	October 2024	52,500,000
Issue of shares as share-based payment to consultants**	October 2024	13,475,000
Balance as at 31 December 2024		<u>6,151,215,714</u>

Details	Date	\$
Consolidated entity		
Balance as at 30 June 2024		58,504,539
Issue of shares through private placement	September 2024	75,000
Issue of shares through private placement*	September 2024	360,346
Issue of shares through private placement (Directors)*	October 2024	410,587
Issue of shares through private placement^	October 2024	78,050
Balance as at 31 December 2024		<u>59,428,522</u>

*Net of \$9,067 (2023: \$29,909) other transaction costs.

^Net of \$26,950 (2023: \$2,963) of share based payment transaction costs and \$- (2023: \$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 \$257,896 (\$124,760 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 10. 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 2024.

Linius Technologies Limited
Notes to the condensed consolidated financial statements
31 December 2024

NOTE 11. Tax expense

The consolidated entity's effective tax rate in respect of its continuing operations for the six months ended 31 December 2024 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 12. Matters subsequent to the end of the financial period

In late February 2025, the Company raised a further \$350,000 through the issue of convertible notes to professional and sophisticated investors.

Other than the above no matters or circumstances has arisen since 31 December 2024 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 2024

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

1. the half year consolidated 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 2024 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

A handwritten signature in black ink, appearing to read 'GB', with a stylized flourish extending to the right.

Gerard Bongiorno
Chairman

28 February 2025
Melbourne

Independent Auditor's Review Report

To the shareholders of Linus Technologies Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Linus 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 Linus 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 2024 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 2024
- 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 12 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Linus 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 2024.

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.

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 Group's financial position as at 31 December 2024 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 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Linus Technologies Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Linus Technologies Limited for the half-year ended 31 December 2024 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

28 February 2025