

ASX Announcement | 31 October 2022

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

Linus executing on its strategy to drive new revenue and grow pipeline through repeatable products and scalable business model, demonstrated by new deal for the A-Leagues

Highlights:

- New deal with Australian Professional Leagues (APL) which will see MatchVision deployed league-wide for the A-Leagues, Australia's professional football (soccer) league, announced post-quarter.
- Ongoing global sports marketing campaign implemented based on replicable, scalable product MatchVision. Generating significant new pipeline opportunities in teams, leagues, and broadcasters around the world.
- Sports opportunities progressing more rapidly through the sales cycle due to the results achieved by existing deployments and referenceable proof points.
- Pipeline shows the value of Linus' B2B search and edit tool for sports archives, currently deployed at Racing.com. This product has now been packaged as Linus Archive Search & Edit and is well advanced in the deal cycle with several prospects.
- Cost reduction and restructuring measures implemented in the June quarter take effect with reduced costs achieved as planned.
- Existing clients start new seasons in the Sports sector and class terms in the Education sector with continued usage and growth of their Linus solutions.

Melbourne Australia – 31 October 2022: Linus Technologies Limited (ASX:LNU) (**Company** or **Linus**) is pleased to provide its Quarterly Activities Report and Appendix 4C for the quarter ending 30 September 2022, along with the following financial and operational update.

Linus Sports

- Linus announced a new contract with APL to deploy MatchVision for the A-Leagues subsequent to the end of the quarter. The new deal demonstrates the viability and success of Linus' current strategy in the Sports market.
 - It is the first deal under the new enhanced partnership with Swanbay, which allows Linus to sell the joint MatchVision/Linus Video Services (LVS) solution directly to customers. This solution is highly repeatable and rapidly deployed.
 - It will be the first deployment of MatchVision outside of Europe.
 - It will be the first league-wide deployment of MatchVision, supporting all 13 teams of the Isuzu UTE A-League men's competition.
 - It will be the third sport/league to deploy Linus Sports solutions in Australia. This is expected to increase the velocity of penetration into additional Australian sports.
 - It is the first deal closed as part of Linus' Global Sports Marketing Campaign.
 - It is the shortest sales cycle of any deal to date, taking under five months from initial cold outreach to executed contract.
 - 12 month rolling terms, commencing October 2022 with launch expected in December 2022.
 - The contract provides a fixed recurring monthly fee for the first year, with scope for usage-based charges based on access.
 - Additional charges from optional extensions include deployment on individual club websites, the addition of the Liberty A-League women's competition, deployment of the Linus Archive Search & Edit tool, and the addition of past season historical content.

- The activity this quarter was heavily focused on the ongoing success of our existing customers whose satisfaction and engagement are critical to the ongoing growth and conversion of new opportunities.
 - It is clear that fans love our products. Recent deployments exhibit excellent adoption metrics including:
 - Doubling in the amount of video being watched
 - 120% increase in visitor dwell time
 - 35% return visit rate, with return visitors showing a 6x increase in minutes of video watched
 - 95% 4+ out of 5 star ratings from end users
 - These proof points, along with live deployments and references from leading sports brands, form the core of our go to market messaging that is driving growth and conversion of the commercial pipeline in sports.
- A global sport marketing campaign has been kicked off targeting specific accounts and contacts with direct outreach and offers.
 - Significant interest and pipeline opportunities have been generated.
 - Campaign initially targeted global football, contacting senior leadership from clubs, leagues, broadcasters, and other rights holders around the world.
 - Expansion to additional sports has begun, initially in Australia and expanding globally.
 - Targeted accounts are responding favourably to the messaging and packaging of Linus MatchVision, particularly the existing proof points and references from English Premier League team Wolverhampton Wanderers (Wolves) and Belgian Pro League champions Club Brugge KV.
 - Noticeable traction has been gained in Latin America, Europe, and North America with multiple opportunities now progressing through the sales cycle.
- Linus expanded its go-to-market plans with appointment of a new sports consultant, Charlie Deane, as Business Development Director, Americas.
 - Appointment of Charlie Deane comes as a direct result of the immediate interest and growing momentum in the Latin American market.
 - Based in Argentina, Charlie is a seasoned business leader in video and sports technology. He has successfully built the Latin American market for leading video companies including Ooyala and Wildmoka.
 - Charlie has extensive experience in rolling out innovative video solutions to major international broadcast partners. This experience will be invaluable as Linus looks to build the business in Latin America and expand into broadcasters around the world.
 - In line with costs restructuring, remuneration is primarily incentive-based structured to minimize impact on the Company's monthly cash expenditure.
- Opportunities in the sports pipeline are highlighting the value of Linus' B2B search and edit tool for sports archives, currently deployed at Racing.com.
 - This product is now packaged as Linus Archive Search & Edit and is rapidly repeatable and scalable.
 - Archive Search & Edit solves immediate pain points for customers and is seen as invaluable in unlocking the latent value in large sports archives.
 - There is a strong rapidly progressing pipeline of opportunities for this product.
- Existing sports clients saw new seasons kick off with plans for expanded use of Linus solutions.
 - Linus worked with Racing.com to implement an operational improvement to improve system efficiency at scale in preparation for the upcoming Spring Carnival racing season.
 - Wolverhampton Wanderers are working with Swanbay to implement changes that will see greater integration and visibility of MatchVision into the Wolves website and app.
 - Club Brugge secured a sponsor for MatchVision and has implemented placement and pre-roll video advertising. A new version of the Brugge website is being rolled out with greater integration and visibility of MatchVision into the Brugge website and app.
 - Linus and NBL are investigating ways to enhance the experience for NBL fans and make personalized highlights a more integrated part of their digital experience during the new season.
- The pipeline continues to grow and progress across multiple sports and geographies, including:

- Sports Clubs – directly repeating successes seen by clients such as Wolves and Brugge.
- Major Sports Leagues – aggregating success and interest from individual teams to drive league-wide deployments.
- US Collegiate Sports – taking current successes into a large new market segment.
- Major global sports archive and distribution companies.
- Technology partners already dominant in global sports markets.
- Commercial partners such as McCormack Advisors, IS Partners and Swanbay.
- Following a successful pilot of MatchVision in conjunction with IMG and Swanbay during the 2021/22 season, the English Football League (EFL) continues to assess the timing and method of deploying the solution during the current 2022/23 season.
- New commercial deals and partnership opportunities based on the core LVS platform continue to be developed, particularly with providers in the US collegiate sports market.
- Linus, in conjunction with the Amazon (AWS) Rapid Prototyping team, completed the prototype of a Web3 extension to the Linus sports portfolio. The Company is now evaluating options for the funding and ongoing development of this solution under the Linus Blockchain subsidiary.

Linus Education

- The successful deployment at University of Newcastle (UoN), currently available to over 6,000 staff, students/researchers, and affiliates, saw continued utilization into the new school term during the September quarter. Feedback and data continue to be collected to provide proof points needed to repeat this success in other universities.
 - With the success of the first use case at UoN for their Living Histories archive, Linus and UoN are now planning the extension of this solution to include significantly more content and to open access outside the University including to the public.
 - New product developments for Whizzard are being designed in conjunction with UoN to enhance the scale and automation of adding new archives to Whizzard for the current use case and to connect Whizzard to UoN's lecture capture and video conference systems in support of student teaching and learning use cases beginning in 2023.
- Linus Whizzard for GLAMx (Galleries, Libraries, Archives, and Museums) is now a repeatable "off the shelf" product with easy to buy packages that can be rapidly replicated across universities. Combined with feedback and references from UoN, the Company is now developing new pipeline in this sector.
- A marketing campaign targeting specific account and contacts in the GLAMx sector has begun in Australia, the US, and the UK. New pipeline opportunities are being developed.
- Linus Whizzard was selected as a finalist for the 2022 CAUDIT awards for Excellence in Research Support. The award submission was led by UoN.
- Linus continued to explore and develop partner relationships with leading technology providers in the education sector including lecture capture platforms, learning management systems (LMS), and video content/media asset management systems (VCMS/MAMs).

Management has reduced costs by approximately 40%

- In the June quarter, the management team implemented substantial cost reduction measures through a restructure, focused strategy on repeatable products, and completion of key product development activities.
- One-off costs associated with the restructure were paid in the September quarter. Normalised new cost levels were achieved by mid-September as planned.
- The restructure is complete, and the team is operating effectively under the new model.

CEO James Brennan commented, “Our focus in the September quarter has been on ruthless execution of our strategy to convert and grow the pipeline based on repeatable products and go-to-market strategy. I am delighted that this strategy has led to the rapid development and closure of a deal with the A-Leagues. I am confident in our ability to repeat this success as we accelerate opportunities in more sports and leagues around the world. Additionally, I would like to thank the Linus team for their resilience and continued efforts as we transitioned the business to our new cost base and structure. Their dedication has allowed us to seamlessly make the changes to our business required for long term success and growth.”

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

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

- Research and development \$596,000: This encompassed continued development of the LVS SaaS platform, productised solutions including Whizzard for education, continued development of sports solutions including Linus Archive Search & Edit, and supporting specific product enhancements for current customers
- Operating costs \$349,000: 3rd party costs were incurred in operating the SaaS platform, delivering LVS solutions to existing clients and costs related to sales activities.
- Staff and consultant costs including director fees \$553,000: This included staff costs associated with sales, marketing, sales engineering staff, product management, finance and management of the Company as well as restructure costs.
- Administration, travel and corporate costs \$72,000: Made up of ongoing corporate Company costs, including ASIC, ASX, and share registry costs.

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates outlined in the Company’s Appendix 4C for the quarter relate to fees and salaries paid to directors.

About Linus Technologies Limited:

Linus’ purpose is to elevate the educational, information, and entertainment value of the world’s video through hyper-personalization. We make it possible to connect and search vast libraries of video so users can create an infinite amount of personalized video compilations on-the-fly, providing the most relevant content to each viewer.

Our patented Video Virtualization Engine™ (VVE) turns big, bulky video files into lightweight, searchable data that is enriched with AI and ML, making it easy and efficient for users to find and share what matters to them. Creators and owners of video can drive greater viewing, and ultimately monetization of their video assets.

For more on Linus Technologies, visit www.linus.com

For further information, please contact: James Brennan, CEO, +61 (0)3 8672 7186 or ir@linus.com

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Linus Technologies Limited

ABN

84 149 796 332

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	60	60
1.2 Payments for		
(a) research and development	(596)	(596)
(b) operating costs	(349)	(349)
(c) advertising and marketing	(23)	(23)
(d) leased assets	-	-
(e) staff and consultant costs	(553)	(553)
- recruitment fees	-	-
(f) administration, travel and corporate costs	(72)	(72)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (legal and patent costs)	(48)	(48)
1.9 Net cash from / (used in) operating activities	(1,581)	(1,581)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(m) entities	-	-
	(n) businesses	-	-
	(o) property, plant and equipment	-	-
	(p) investments	-	-
	(q) intellectual property	-	-
	(r) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities* (excluding convertible debt securities)	1,324	1,324
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (AASB16 lease principal payments)	(12)	(12)
3.10	Net cash from / (used in) financing activities	1,312	1,312

*net of costs incurred

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	963	963
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,581)	(1,581)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,312	1,312
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	694	694

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	643	912
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	51	51
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	694	963

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

Director fees and CEO remuneration

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

129

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

-

-

7.5 **Unused financing facilities available at quarter end**

-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,581)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	694
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	694
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.44

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

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

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes,

- On 14th October the Company received \$155,000 from directors or their nominees as approved by shareholders at the EGM held on 16th September.
- The Company continues to consider financing options available to it including issuing additional securities to current and new investors.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes – based on the above, the Company fully expects to be able to continue its operations and meet its business objectives.

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: By the board