



Video Virtualization Engine™

LINIUS TECHNOLOGIES LIMITED
ACN 149 796 332

**NOTICE OF
2022 ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT
AND PROXY FORM**

Date: 30 November 2022

Time: 10.00am (AEDT)

Place: The meeting is a **hybrid meeting**

Virtually: Online via a web-based meeting portal

Physically:

KPMG Melbourne

Tower Two Collins Square

727 Collins Street

Docklands VIC 3008

This Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their independent professional advisers prior to voting.

**SEE OVERLEAF FOR IMPORTANT INFORMATION
REGARDING MEETING ATTENDANCE AND VOTING**

**Shareholders are strongly encouraged to vote via proxy prior to the Meeting
or appoint the Chair as their proxy.**

IMPORTANT INFORMATION REGARDING MEETING ATTENDANCE AND VOTING

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Attending the Meeting virtually

The Meeting will be virtually accessible to all Shareholders, and will allow Shareholders, as a whole, a reasonable opportunity to participate without being physically present at the Meeting.

The technology used to hold the Meeting will be reasonable and, Shareholders entitled to attend and vote at the Meeting, will be able to:

- (a) view the Meeting live;
- (b) exercise a right, orally and in writing, to ask questions and make comments; and
- (c) cast votes in real time on a poll during the Meeting.

Shareholders who wish to attend the Meeting virtually must first register their attendance with the Company by no later than 10.00am (AEDT) on 29 November 2022 by email to admin@advancedshare.com.au, including the Shareholder's name, address and HIN or SRN. The Company will then email the Shareholder the details to participate in the Meeting via <https://www.advancedshare.com.au/Dashboard/Virtual-Meeting-Centre-Login> (a web-based meeting portal).

Voting by poll

All votes taken at the Meeting will be conducted by way of a poll, taken both physically at the Meeting and electronically. Shareholders who wish to vote by poll during the virtual Meeting must first notify the Company of their intention by 10:00am (AEDT) on 29 November 2022, the day prior to the day of the Meeting, by email to admin@advancedshare.com.au. Shareholders will be able to submit their email poll votes immediately after the Chair calls for a vote on each Resolution. The outcome of each Resolution will not be able to be determined until after the conclusion of the Meeting to allow the Company Secretary sufficient time to count such poll votes submitted by email.

Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (a) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (b) if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (c) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the chair of the meeting;
- (c) at the meeting, a poll is duly demanded, or is otherwise required under section 250JA on the resolution; and
- (d) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Chair's voting intentions

If the Chair is your proxy, either by appointment or by default, and you have not indicated your voting intention, you expressly authorise the Chair to exercise the proxy in respect of the Resolution even though the Resolution is connected directly or indirectly with the remuneration of the Company's Key Management Personnel.

Subject to the following paragraph, the Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution under section 224 of the Corporations Act, the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form for that Resolution.

Submitting questions

Shareholders are encouraged to submit any questions that they may wish to put to the Company during the Meeting in writing by 10:00am (AEDT) on 29 November 2022, the day prior to the day of the Meeting, by email to admin@advancedshare.com.au. Shareholders will also be able to ask questions during the Meeting using the web-based meeting portal, and Shareholders will be required to give their names when asking a question.

Voting eligibility

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm (AEDT) on 28 November 2022.

Corporate representatives

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's members. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative must, prior to the Meeting, provide evidence of his or her appointment, to the Company Secretary by email to admin@advancedshare.com.au by no later than 10.00am (AEST) on 29 November 2022, the day prior to the Meeting, noting whether the representative intends to attend the Meeting physically or virtually including any authority under which the appointment is signed, unless it has previously been given to the Company. Representatives who wish to vote by poll during the virtual Meeting must first notify the company secretary in accordance with the instructions set out above under 'voting by poll'.

Enquiries

Shareholders are requested to contact the Company Secretary on +61 3 8672 7186 if they have any queries in respect of the matters set out in this Notice of Annual General Meeting or the Explanatory Statement.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2022 annual general meeting of the shareholders of Linus Technologies Limited (**Company**) will be held virtually via a web-based portal at 10.00am (AEDT) on 30 November 2022 (**Meeting**).

The Explanatory Statement which accompanies and forms part of this Notice of Meeting describes the various Resolutions to be considered at the Meeting.

Terms and expressions used in this Notice of Meeting have the meaning given to them in the “Definitions” section located at the end of the Explanatory Statement.

AGENDA

ORDINARY BUSINESS

Financial Statements

To receive and consider the Annual Financial Report of the Company and its controlled entities, the Directors’ Report and the Independent Auditor’s Report in respect of the financial year ended 30 June 2022.

There is no vote on this item of business.

1. Adoption of the Remuneration Report for the year ended 30 June 2022 (Advisory resolution only)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, Shareholders approve the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 30 June 2022.”

This resolution is advisory only and does not bind the Company or the Directors. The Directors will consider the outcome of the vote and any comments made by Shareholders at the meeting when considering the Company’s future remuneration policies.

Voting Prohibition:

A vote on this resolution must not be cast by or on behalf of a member of the key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report, or by any of their closely related parties.

However, this does not prevent those KMP or any of their closely related parties from voting as a proxy for a person who is not a member of the KMP or a closely related party if:

- the person specifies the way the proxy is to vote on this resolution in the proxy form; or
- the person voting as a proxy is the Chair and the proxy form expressly authorises the Chair to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP.

2. Re-election of Director – Stephen McGovern

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 6.3 of the Constitution and for all other purposes, Stephen McGovern, a Director retiring on rotation and being eligible for re-election, is re-elected as a Director.”

SPECIAL BUSINESS

3. Ratification of prior issue of Subscription Shares to NewTechnology Capital Group, LLC (Aug 2022)

To consider and, if thought fit, to pass with or without amendment the following resolutions as separate and independent **ordinary resolutions**:

“That for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 62,500,000 fully paid ordinary shares, issued by way of a placement to New Technology Capital Group, LLC on 25 August 2022 on the terms and conditions and in the manner detailed in the Explanatory Statement.”

Voting Exclusion:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of New Technology Capital Group, LLC or an associate of that person. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with directions given to the proxy or attorney to vote on the Resolutions in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chair to vote on the Resolutions as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and
 - (ii) the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

4. Ratification of prior issue of Subscription Shares to NewTechnology Capital Group, LLC (Sept 22)

To consider and, if thought fit, to pass with or without amendment the following resolutions as separate and independent **ordinary resolutions**:

“That for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 66,666,667 fully paid ordinary shares, issued by way of a placement to New Technology Capital Group, LLC on 29 September 2022 on the terms and conditions and in the manner detailed in the Explanatory Statement.”

Voting Exclusion:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of New Technology Capital Group, LLC or an associate of that person. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with directions given to the proxy or attorney to vote on the Resolutions in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chair to vote on the Resolutions as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and
 - (ii) the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Approval for additional 10% placement capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities, in number, equal to up to 10% of the number of Shares on issue in the Company (at the time of the issue) calculated in accordance with the formula in Listing Rule 7.1A.2 and otherwise on the terms and conditions and in the manner detailed in the Explanatory Statement.”

BY ORDER OF THE BOARD



Giuseppe Rinarelli
Company Secretary

31 October 2022

EXPLANATORY STATEMENT

Introduction

The purpose of this Explanatory Statement (which accompanies, and forms part of, the Notice of Meeting) is to provide Shareholders with an explanation of the business to be considered and Resolutions to be proposed at the 2022 Annual General Meeting of Linus Technologies Limited ACN 149 796 332 to be held at 10.00am AEDT on 30 November 2022 and to allow Shareholders to determine how they wish to vote on those Resolutions.

Terms and expressions used in this Explanatory Statement have the meaning given to them in the “Definitions” section located at the end of this Explanatory Statement.

Shareholders are encouraged to carefully read this Explanatory Statement and the Notice of Meeting in their entirety before deciding how to vote on each resolution. Shareholders should consult their financial or other adviser if they are undecided about what to do.

The Resolutions

1. Consideration of Financial Statements and Reports

The Corporations Act requires the Directors to lay before the Annual General Meeting the Annual Financial Report of the Company (which includes the Financial Statements and Directors’ Declaration), Directors’ Report and Independent Auditor’s Report in respect of the financial year ended on 30 June 2022, as a listed public company.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on these reports in line the details provided in the Important Information section set out on page 2 of these meeting documents.

There is no requirement in either the Corporations Act or the Company’s constitution for Shareholders to vote on or approve the Annual Financial Report, Directors’ Report or Independent Auditor’s Report.

2. Adoption of the Remuneration Report for the year ended 30 June 2022 (Resolution 1)

2.1 Background

The Remuneration Report is contained in the Directors’ Report in the 2022 Annual Report. Shareholders can access a copy of the report at the Company’s website, www.linus.com.

The Remuneration Report provides information about the remuneration arrangements for KMP, which includes non-executive Directors and the most senior executives, for the year to 30 June 2022.

The Remuneration Report covers the following matters:

- details of Key Management Personnel (**KMP**);
- principles used to determine the nature and amount of remuneration;
- description and details of non-executive director remuneration;
- description and details of executive remuneration;
- executive equity ownership;
- key terms of executive service agreements; and
- related party information.

Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. Shareholders will be asked to vote on the Remuneration Report. The resolution is advisory only and does not bind the Company or its Directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company’s remuneration policies.

Under the Corporations Act, if at least 25% of the votes cast on the resolution are against the adoption of the relevant Remuneration Report at two consecutive Annual General Meetings (each an “AGM”, and any such potential 25% or more vote ‘against’ commonly referred to as a “first strike” or “second strike”), Shareholders will be required to vote at the second of those AGMs on a resolution that another general meeting be held within 90 days, at which all of the Directors in office at the time of the Directors’ resolution to make the Directors’ Report containing that second Remuneration Report (other than the Managing Director) must stand for re-election.

2.2 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

2.3 Information required for Shareholder approval under Listing Rules

A vote on Resolution 1 must not be cast by or on behalf of a member of the KMP or by any of their closely related parties (such as certain of their family members, dependents and companies they control).

However, this does not prevent a member of the KMP, details of whose remuneration are included in the Remuneration Report, or any of their closely related parties from voting as a proxy for a person who is not a member of those KMP or any of their closely related parties if:

- the person specifies the way the proxy is to vote on Resolution 1 in the proxy form; or
- the person voting as a proxy is the Chair and the proxy form expressly authorises the Chair to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP for the Company. If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking any one of “For”, “Against” or “Abstain” on the proxy form for that item of business. As set out in the section on appointing a proxy, if you have appointed the Chair of the meeting as your proxy and you do not mark any of “For”, “Against” or “Abstain” on the proxy form, you will be authorising the Chair to vote any proxies held by him in favour of Resolution 1, even if that item is connected directly or indirectly with the remuneration of a member of the KMP for the Company. The Chair of the meeting intends to vote any undirected proxies held by him in favour of Resolution 1.

3. Re-election of Director – Stephen McGovern (Resolution 2)

Pursuant to the Constitution, one third of the directors are required to retire on rotation each year at annual general meeting of the Company and each of those directors is eligible for re-election at that meeting.

Stephen McGovern retires on rotation in accordance with the Constitution and, being eligible and having signified his candidature for the office, offers himself for re-election as a Director.

Details of Mr McGovern’s experience and expertise are contained in the Company’s 2022 Annual Report.

All Directors (with the exception of Mr McGovern as an abstention) recommend that Shareholders vote in favour of Resolution 2.

4. Ratification of prior issues of Shares to NewTechnology Capital Group, LLC (Resolutions 3 and 4)

4.1 Background

On 28 January 2022, the Company announced a capital raising to accelerate commercialisation and growth of existing Linus products, comprising a prepaid placement of new Shares of up to \$3 million to US-based institutional investor New Technology Capital Group, LLC (**NTCG**). The placement amount was subsequently revised to \$2 million by mutual agreement, as announced to ASX on 29 April 2022.

NTCG is a specialist investor focusing on investments in technology companies and managed by Bergen Asset Management LLC. In the two years since it commenced investing, NTCG has established a history of substantial investments in cutting edge technology public companies globally. Bergen Asset Management LLC is a decade-old

institutional manager and funds managed by it have an extensive history of investments in listed companies globally, including on ASX.

4.2 Placement terms and summary of Subscription Agreement

The Company entered into a subscription agreement (**Subscription Agreement**) with NTCG pursuant to which NTCG agreed to subscribe for Shares by way of the prepaid placement.

The placement is structured by way of NTCG prepaying the subscription price of Shares (**Subscription Shares**) to be issued by Linus. The placement raised \$2,000,000 for \$2,120,000 worth of Subscription Shares, and the issue made under the Company's existing Listing Rule 7.1 placement capacity. The funds have been paid to the Company.

The issue price of the Subscription Shares was initially equal to \$0.034 each, being a premium of 100% to the closing price of Linus shares on ASX on the last trading date prior to the date on which the placement was announced (ie 27 January 2022). Subject to a floor price of A\$0.011 (**Floor Price**), the issue price reset after 60 days to the average of the five daily volume-weighted average prices selected by NTCG during the 20 consecutive trading days immediately prior to the date of a notice from NTCG to issue Shares, less a 5% discount (if the shares are issued in the first 12 months after the date of execution of the agreement) or a 7% discount (if the shares are issued after 12 months), rounded down to the nearest one tenth of a cent. If the issue price formula results in a price that is less than the Floor Price, Linus may forego issuing Shares and instead opt to repay the applicable subscription amount in cash (with a 5% premium), subject to the NTCG's right to receive Subscription Shares at the Floor Price in lieu of such cash repayment. The issue price has no cap attached to it.

Linus will also have the right (but not the obligation) to forego issuing Shares following NTCG's request for issue and instead opt to repay the subscription amount by making a payment to NTCG equal to the market value of the Shares that would have otherwise been issued.

The Company has agreed to not pursue competitive forms of funding (i.e., convertible note instruments or other debt-based instruments with share-price repayment mechanisms) during the term of the Subscription Agreement. However there are no restrictions on the Company's ability to raise equity funds via share placements, right issues (underwritten or otherwise) or share purchase plans.

NTCG may terminate the Subscription Agreement if any of the following occurs:

- events of default that are not remedied by Linus or waived by NTCG;
- changes in the law would impact the legality of instruments such as the Subscription Agreement;
- changes to the Company's corporate structure made materially varies the obligations and liabilities or the parties' right and benefits of the parties under the Subscription Agreement so that that NTCG's rights or economic burden are materially adversely affected (including by way of material delay or postponement); and
- trading in securities generally in Australia has been suspended for a period exceeding four consecutive business days.

The events of default are considered customary for agreements of this nature, including:

- failure to issue Shares at the relevant price when due;
- a breach of any material obligations;
- material adverse changes to the Company (described above); or
- an insolvency event occurs in respect of the Company.

If an event of default occurs, in addition to the right of termination NTCG may, amongst other things declare the remaining balance of the prepayments as being immediately due and payable and require the Company to convert all or part of that amount into Shares.

In the event of the other termination triggers occurring, the Company would have 60 days to obtain funding to pay the remaining balance of the prepayments, without any competitive financing restrictions being applicable.

The Subscription Agreement further contains representations and warranties and undertakings by the parties, and terms

and conditions, that the Company considers customary for agreements of this nature.

4.3 Previous share issues under the Subscription Agreement

Under the terms of the Subscription Agreement, on 1 February 2022 Linus issued within its existing 15% share issue capacity an initial 18,800,000 Shares to NTCG, which is allocated towards the ultimate number of Subscription Shares to be issued. Alternatively, in lieu of applying these Shares towards the aggregate number of the Subscription Shares to be issued, NTCG may make a further payment to Linus equal to the value of these Shares determined using the issue price at the time of the payment.

Also under the terms of the Subscription Agreement, on 1 February 2022 Linus issued 8,000,000 Shares (**Subscription Fee Shares**) in satisfaction of a fee payable to NTCG.

Additionally, pursuant to share issue notices delivered to the Company by NTCG in accordance with the Subscription Agreement the following Shares were issued:

- 21 April 2022 Linus issued 22,222,223 Subscription Shares
- 17 May 2022 issued 28,571,429 Subscription Shares.
- 10 August 2022 issued 50,000,000 Subscription Shares.

Approval was sought and received from Shareholders at the Company's June 2022 and September 2022 general meetings to ratify the issue of these Shares under Listing Rule 7.4.

4.4 Recent share issue under the Subscription Agreement

Since the date of the notice for the September 2022 general meeting, again under the terms of the Subscription Agreement, on 25 August 2022 Linus issued 62,500,000 Subscription Shares and on 29 September 2022 issued 66,666,667 Subscription Shares to NTCG pursuant to share issue notices delivered to the Company by NTCG in accordance with the Subscription Agreement. Approval is sought from Shareholders under Resolution 3 and 4 to ratify the issue of these Subscription Shares under Listing Rule 7.4.

4.5 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities in any 12 month period other than the amount which is equal to 15% of its fully paid ordinary securities on issue at the start of that 12 month period (**15% share issue capacity**). Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of those Listing Rules if shareholders subsequently ratify it and the issue did not breach Listing Rule 7.1.

Without Shareholder approval pursuant to Listing Rule 7.4, the issue will be counted towards the Company's 15% share issue capacity and will therefore reduce the Company's capacity to issue securities in the future without obtaining Shareholder approval.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

Accordingly, Resolution 3 and 4 seek Shareholder approval under and for the purposes of Listing Rule 7.4, allowing the Company to substantially refresh its 15% share issue capacity.

If the Resolutions are passed, the issue of the Subscription Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the date of issue.

If one or more of the Resolutions are not passed, the issues of Shares (for the non-passed Resolutions) will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the date of issue.

4.6 Specific Information Required by Listing Rule 7.5

In accordance with Listing Rule 7.5, the following information is provided for Shareholders:

- (1) The placee was NTCG, which is not a related party of the Company.
- (2) The following Shares were issued:
 - 62,500,000 Subscription Shares (Resolution 3)
 - 66,666,667 Subscription Shares (Resolution 4)
- (3) The Subscription Shares are fully paid ordinary securities and rank equally with all other Shares on issue in the Company.
- (4) The Shares were issued on:
 - 25 August 2022 (Resolution 3)
 - 29 September 2022 (Resolution 4)
- (5) The issue price of the Shares was as follows:
 - \$0.004 per Subscription Share (Resolution 3)
 - \$0.003 per Subscription Share (Resolution 4)
- (6) Funds allocated to the Subscription Shares were raised to drive revenue growth for the Company's operations with specific focus on converting existing clients and near-term opportunities to immediate and sustainable revenues, strengthening Linius' integrations and partner relationships, and general working capital purposes.
- (7) A summary of the material terms of the Subscription Agreement is set out in section 4.2.

4.7 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 3 and 4.

5. Approval for additional 10% placement capacity (Resolution 5)

5.1 Background

Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue, or agree to issue, Equity Securities up to 10% of its issued capital during the 12 month period after the entity's annual general meeting at which the approval is obtained (**Additional 10% Placement Capacity**).

The Company is seeking Shareholder approval under Resolution 5 to have the ability to issue Equity Securities under the Additional 10% Placement Capacity.

If Shareholders approve Resolution 5, the number of Equity Securities the Company may issue under the Additional 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (described below). The Equity Securities must be in the same class as an existing class of quoted Equity Securities of the Company. The Company currently has only one class of quoted Equity Securities on issue, being Shares. If Shareholders do not approve Resolution 5, the Company will be unable to issue Equity Securities under the 10% Placement Capacity and will therefore require separate shareholder approval or be limited to the 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and entitled to vote at the Meeting must be in favour of Resolution 5 for it to be passed. Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 5 in the Notice of Meeting.

5.2 Listing Rule 7.1A – Eligibility criteria

The Company will be an Eligible Entity for the purposes of Listing Rule 7.1A provided it has a market capitalisation no greater than \$300 million (excluding restricted securities) (being, as at the date of the Notice of Meeting, approximately \$7.23 million based on the number of unrestricted securities on issue and the closing price of Shares on ASX on 24 October 2022) and is not included in the S&P/ASX 300 Index as at the date of the relevant special resolution under Listing Rule 7.1A. The Company is not included in that index. Accordingly, the Directors believe that the Company will be an Eligible Entity at the date of the Meeting.

If Shareholders approve Resolution 5, the maximum number of Equity Securities that the Company may issue under the Additional 10% Placement Capacity will be calculated according to the following formula (set out in Listing Rule 7.1A.2) (**Listing Rule 7.1A.2 Formula**):

$$(A \times D) - E$$

Where:

- A** = The number of fully paid ordinary shares on issue at the commencement of the relevant period:
- *plus* the number of fully paid ordinary shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
 - *plus* the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4
 - *plus* the number of fully paid ordinary securities issued in the relevant period under an agreement to issue + securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
 - *plus* the number of any other fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4,
 - *plus* the number of partly paid ordinary shares that became fully paid in the relevant period;
 - *less* the number of fully paid ordinary shares cancelled in the relevant period.

Note that “**A**” has the same meaning in Listing Rule 7.1 (described above) when calculating the Company’s usual annual 15% placement capacity under that Listing Rule.

D = 10%

E = The number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

If the Company obtains the approval of its Shareholders to the Additional 10% Placement Capacity:

- (1) any Shares issued under that Additional 10% Placement Capacity will not be counted in variable “**A**” above until their issue has been ratified under Listing Rule 7.4 (described above) or 12 months has passed since their issue; and
- (2) any Shares issued under that Additional 10% Placement Capacity are counted in variable “**E**” above until their issue has been ratified under Listing Rule 7.4 (described above) or 12 months has passed since their issue.

If the Resolution is not passed, the Company will be limited to the 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period.

5.3 Placement capacity under Listing Rules 7.1 and 7.1A

The Additional 10% Placement Capacity is in addition to the Company's usual annual 15% placement capacity under Listing Rule 7.1 (described above).

As at the date of the Notice of Meeting, the Company has 2,411,532,979 Shares on issue and, therefore, in addition to any other Shares which it can issue under the permitted exceptions to Listing Rules 7.1 and 7.1A, it will have capacity to issue:

- (1) 361,729,946 Shares under Listing Rule 7.1; and
- (2) 241,153,297 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue or agree to issue under Listing Rule 7.1A will be calculated at the relevant date in accordance with the Listing Rule 7.1A.2 Formula.

5.4 Period of Approval

Shareholder approval of the Additional 10% Placement Capacity is valid from, and therefore Equity Securities may be issued under the Additional 10% Placement Capacity from, the date of the Meeting until the first to occur of the following:

- (1) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained;
- (2) the time and date of the Company's next Annual General Meeting; and
- (3) the time and date of the approval by Shareholders of the Company's ordinary securities of a transaction under Listing Rule 11.1.2 (Proposed change to nature or scale of activities) or Listing Rule 11.2 (Change involving main undertaking),

(the **Period of Approval**).

Upon the expiry of the Period of Approval, unless the Company has before the end of the Period of Approval obtained a further approval under Listing Rule 7.1A.1, its placement capacity will be governed by Listing Rule 7.1 (and Listing Rule 10.11, in the case of placements to related parties).

An approval under Resolution 5 will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2 referred to above.

5.5 Minimum Issue Price

Under Listing Rule 7.1A.3, Equity Security issued must be in an existing quoted class and issued for cash consideration which is not less than 75% of the VWAP for securities in that class calculated over the 15 trading days on which trades were recorded immediately before:

- (1) the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities; or
- (2) if the securities are not issued within 10 trading days of that date in paragraph (1), the date on which the securities are issued.

5.6 Purpose and allocation

As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity.

The Company is seeking approval to take advantage of the ASX's recognition that flexibility is sometimes required if action needs to be taken swiftly. The Additional 10% Placement Capacity may be used to raise funds to support the Company's ongoing business, continued product development for the Linius technology, sales and marketing, commercialization of the technology and general working capital purposes or for the acquisition of business opportunities which may arise.

Ultimately, if Resolution 5 is approved, the Company's allocation policy for issues of Equity Securities under the Additional 10% Placement Capacity will be dependent on various considerations including (but not limited to) the purpose of the proposed issue, the alternative methods for raising funds that are available to the Company at the time, the effect of the proposed issue on the control of the Company, the circumstances of the Company and the prevailing market conditions at the time of the proposed issue. The identity of the placees will be determined on a case-by-case basis at or around the time of issue. However, the placees of any Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company. It is unlikely that such a placee will be a person to whom the Company is required to issue a prospectus or other disclosure document under the Corporations Act.

The Company may issue Equity Securities under the Additional 10% Placement Capacity for cash consideration only.

5.7 Risk of Economic and Voting Dilution

Any issue of Equity Securities under the Additional 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity, the economic and voting dilution of existing Shareholders through the Company using the Additional 10% Placement Capacity is as shown in the table below. The table has been prepared based on the number of quoted Shares on issue and the closing price of those quoted Shares as at close of trade on ASX on 24 October 2022.

Number of Shares on Issue (variable "A" in Listing Rule 7.1A.2)*	Dilution			
	Dilution based on number of Shares issued (being 10% of the number of Shares at the time of issue)	Funds raised based on an issue price of \$0.0015 (50% decrease in current issue price)	Funds raised based on an issue price of \$0.003 (Current issue price)	Funds raised based on an issue price of \$0.0045 (50% increase in current issue price)
2,411,532,979 (Current)	241,153,298	\$361,730	\$723,460	\$1,085,190
3,617,299,469 (50% increase)	361,729,947	\$542,595	\$1,085,190	\$1,627,785
4,823,065,958 (100% increase)	482,306,596	\$723,460	\$1,446,920	\$2,170,380

*The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or securities issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1 or 7.4.

The table above uses the following assumptions:

1. The current Shares on issue are the Shares on issue as at the date of the Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on ASX on 24 October 2022.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting other than issues under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 or 7.4.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to issues under Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares.

Shareholders should note that there is a risk that:

- (1) the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the Meeting; and
- (2) the Company's Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

5.8 Prior Issues of Equity Securities over last 12 months

The Company previously obtained approval under Listing Rule 7.1A at its annual general meeting held on 30 November 2021.

Listing Rule 7.3A.6 requires the Notice of Meeting (or this Explanatory Statement) to include details of the total number of Equity Securities issued by the Company in the 12 months preceding the date of the Meeting and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12 month period.

During that 12 month period a total of 365,000,000 Equity Securities (in the form of Shares) representing approximately 20.7% of the total number of Equity Securities (Shares and Options) on issue in the Company on 30 November 2021.

Details of the issues of Equity Securities in the preceding 12 month period are set out below:

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount per share	Consideration	
10 May 2022	165,000,000	Ordinary shares	Placement issued to professional and sophisticated investors selected by the Company in consultation with the lead manager, including existing shareholders and clients of the lead manager.	\$0.01 12.1% discount	Total cash consideration	\$1,650,000
					Amount of cash consideration spent and description of what consideration was spent on	\$1,650,000 for the development and commercialisation of the Linus business and technology, and general working capital.
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
10 August 2022	200,000,000	Ordinary shares	Placement issued to professional and sophisticated investors selected by the Company, including existing shareholders	\$0.005 21.5% discount	Total cash consideration	\$1,000,000
					Amount of cash consideration spent and description of what consideration was spent on	\$1,000,000 for the development and commercialisation of the Linus business and technology, and general working capital.
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A

5.9 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

Definitions

Unless the context requires otherwise, the terms below have the following meanings in the Notice and Explanatory Statement:

Annual General Meeting or Meeting means the annual general meeting of the Company convened by the Notice of Meeting and any adjournment or postponement of it.

ASX means Australian Securities Exchange.

Board means the board of Directors.

Company means Linus Technologies Limited ACN 149 796 332.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director or **Directors** means a director or the directors of the Company from time to time.

Explanatory Statement means this Explanatory Statement accompanying the Notice.

Listing Rules means ASX Listing Rules.

Notice or Notice of Meeting means this document which comprises the Company's Notice of Annual General Meeting and the accompanying Explanatory Statement.

Placement has the meaning given to that term in Section 6.1.

Resolutions means the resolutions set out in the Notice of Meeting.

Schedule means schedule to this Explanatory Statement,

Shareholder means a shareholder of the Company.

Share means a fully paid ordinary share in the Company.

A reference to time in the Notice and Explanatory Statement is to Melbourne time.



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MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

Important Note: The Company has determined that Shareholders will be able to attend and participate in the meeting through an online platform provided by Advanced Share Registry.

ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Linus Technologies Limited and entitled to attend and vote hereby:

APPOINT A PROXY

☐ The Chair of the Meeting

OR

☐



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **KPMG Melbourne, Tower Two Collins Square, 727 Collins Street Docklands VIC 3008 and virtually on 30 November 2022 at 10.00am (AEDT)** and at any adjournment or postponement of that Meeting.

Chair's voting intentions in relation to undirected proxies: The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though this resolution is connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

VOTING DIRECTIONS

Resolutions

For Against Abstain*

1 Adoption of the Remuneration Report for the year ended 30 June 2022

☐ ☐ ☐

2 Re-election of Director – Stephen McGovern

☐ ☐ ☐

3 Ratification of prior issue of Subscription Shares to New Technology Capital Group, LLC (Aug 2022)

☐ ☐ ☐

4 Ratification of prior issue of Subscription Shares to New Technology Capital Group, LLC (Sept 22)

☐ ☐ ☐

5 Approval for additional 10% placement capacity

☐ ☐ ☐



* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address



Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

LINIUS TECHNOLOGIES LIMITED - ANNUAL GENERAL MEETING

The Company has determined that Shareholders will be able to attend and participate in the Meeting through an online platform provided by Advanced Share Registry. To facilitate such participation, voting on each Resolution will occur by a poll rather than a show of hands.

A live webcast and electronic voting via www.advancedshare.com.au/virtual-meeting will be offered to allow Shareholders to attend the Meeting and vote online.

Please refer to the Meeting ID and Shareholder ID on the proxy form to login to the website.

Shareholders may submit questions ahead of the Meeting via the portal.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolution 1, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolution 1.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 10.00am (AEDT) on 28 November 2022, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033