

ASX Announcement | 31 July 2023

Quarterly Activities Report & Appendix 4C – Period ending 30 June 2023

Linus closes FY23 with record financial results and transformative new deals

Highlights:

- Total yearly cash receipts were **\$496,000, an 82% increase over FY22**. Total yearly billings were **\$484,000, a 133% increase over FY22**.
- Quarterly cash receipts were \$175,000, a 143% increase than the prior year's equivalent quarter. Quarterly billings were \$128,000, 71% higher than the prior year's equivalent quarter.
- With increased cash receipts and cost reductions, annual cash burn in FY23 was reduced by 53% YoY
- Company 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.
- Company has new revenues yet to flow through from existing contracts, an increasing rate of new customer acquisition and great market credibility to position ourselves for success in FY24.
- With new billings for additional setup fees and initial recurring and variable fees from recent contract wins, plus expected customer upsells and new deals, the **company anticipates record quarterly financial results in Q1 FY24**.
- New deal flow and revenue growth is accelerating as market credibility and positive results from blue chip clients become apparent. The June quarter saw transformative new deals closed including:
 - Deal with **IMG Replay**, one of the world's leading sports archives, announced in April 2023. This is Linus' largest commercial contract to date.
 - Second deal with **Inverleigh Media (Inverleigh)** announced in April 2023, for an additional national professional and amateur rugby federation. This is in addition to the first deal with Inverleigh announced in March 2023, for SANZAAR.
 - New deal with **Hockey Technology Partners LLC (HTP)**, announced in July 2023, the company's first deal in the lucrative US sports market.
 - Under the agreement, Linus will virtualize over 2,000 games per year and support HTP in building innovative new fan experiences across web, mobile, and TV platforms for the most recognizable bodies in ice hockey
 - The North American sports market is the largest geography, with 37% of the US\$460 billion global sports market. Entry into this market is key to Linus' future growth.
- Deployment projects with Cricket Australia (CA), Inverleigh, and IMG Replay progressed through the quarter with solutions going live with customers in Q4 FY23 through Q2 FY24 respectively.
- With the success of Whizzard, company has adapted its product and go-to-market strategy to introduce Linus Media Solutions, a complete portfolio of products and services with Whizzard at the core.
- Linus Media Solutions is generating huge value for sports video rights holders. Whilst live sport is successfully monetised, the US\$55 billion spent on the content annually is significantly under-monetized post the live event; Linus Media Solutions solves this problem, providing clients with a higher return on their multi-billion dollar investments.

Melbourne Australia – 31 July 2023: Linus Technologies Limited (ASX:LNU) (**Company** or **Linus**) is pleased to provide its Quarterly Activities Report and Appendix 4C for the quarter ending 30 June 2023, along with the following financial and operational update.

CEO James Brennan commented, "The last four months have been game changing in terms of Linus' credibility in the global sports market. We now support customers and content across 15 sports including football, basketball, ice hockey, tennis, golf, cricket, rugby and more. We have long term contracts working with content from over 40 sports federations. We secured business with one of the world's leading media companies in IMG, and with the post-quarter win with HTP, we now have a footprint in each of our target geographies – US, Europe,

and Asia. Breaking into the US market is incredibly difficult, and I can't overstate how critical the achievement of this milestone is for Linus. Not only is the US the largest sports market globally, but the world looks to and follows US innovation in sports and media.

Everything we do now is about leveraging this credibility for an increased rate of customer acquisition and most importantly recurring revenue growth. I expect to see significant growth in the next two quarters from our existing client base, with the full effect of existing contracts to flow through plus multiple upsell opportunities. We now have the credibility to repeat these wins into new sporting federations, either in the same or new sporting codes. We will repeat our success in the US, further penetrating this key market, and enter the next important customer segments - broadcast and college sports.

Our rate of growth is increasing and will continue to do so in FY24."

Commercial Updates

- In April 2023, Linus announced a new commercial agreement with IMG Replay.
 - Linus Whizzard will be embedded within the IMG Replay service, virtualizing the entire archive of nearly 50,000 hours.
 - Production companies, advertising agencies, broadcasters, film makers, and other content licensees from around the world will use Whizzard to search, create automated clip reels, and license content from within the IMG Replay archives.
 - IMG Replay exclusively manages and commercialises the video archives for some of the world's leading sporting organisations including the Premier League, World Rugby, The Championships (Wimbledon), The R&A, The International Skating Union (ISU) and Professional Golf Association of America (PGAA).
 - The agreement is for an initial 2-year term and includes a fixed setup fee and monthly license subscription. It is Linus' largest contract to date.
 - Through the quarter, Linus progressed the deployment project with completion of the critical discovery and design phases. Integration and development are scheduled to begin in Q1 FY24.
- Linus is continuing to progress its growth with the addition of its first customer in the US market, Hockey Technology Partners LLC (HTP), announced in July 2023, subsequent to quarter end.
 - HTP is a leading provider of digital solutions for global ice hockey leagues, teams, and fans. Solutions include websites, mobile applications, OTT streaming subscription services, and data management solutions.
 - Linus will virtualize over 2,000 games per year and support HTP in building innovative new fan experiences across web, mobile, and TV platforms.
 - HTP will use Linus Media Solutions to develop end user applications and experiences for fans of the most recognizable bodies in ice hockey.
 - This is a 3-year contract, and includes setup fees, monthly subscription, and revenue share.
 - HTP will begin using the solution in the current quarter with end-user applications to roll out through the 2023/2024 ice hockey season.
- With the announcement of our first deal in the US, Linus now has a global customer base spanning the 3 largest markets – North America, Europe, and Asia.
- The US sports market is the single most important market for the company's future growth:
 - North America is the largest market at over 37% of the roughly US\$460 billion¹ global sports market.
 - The US market presents key opportunities for Linus in professional sports (Tier 1 & Tier 2), broadcasters, college sport, and high school sport.
- In April 2023, Linus announced the second of two deals with Inverleigh.
 - Three-year master agreement signed to integrate Whizzard as a core feature within Inverleigh's archive management software ENGINE used by leagues, teams, and broadcasters around the world.

¹ <https://www.researchandmarkets.com/reports/5849319/sports-global-market-opportunities-strategies>

- The second deal, announced in April 2023, closed under the terms of the original master agreement. This deal was for an additional 10,000 hour archive of professional and amateur rugby for a national rugby federation.
- Through Q4 FY23 Linus progressed the deployment projects and has virtualized nearly 2,000 rugby matches to date, making the available for search, curation, and publication in Whizzard, embedded in ENGINE. The deployment project will complete in Q1 FY24.
- This deal has potential to expand further as Linus supports Inverleigh in bringing Whizzard to more of their customers' and prospects' sports and entertainment archives, as well as extending the solutions to include immersive fan engagement experiences for broadcast and OTT services.
- Each new archive/federation signed under this agreement brings additional setup, monthly license, and variable fees.
- Additionally, during the quarter, Linus worked with CA to integrate and deploy the Whizzard service for their 40-year archive.
 - Production software was delivered to CA in April 2023.
 - The initial set of videos made available by CA from the 1980s and 1990s is now virtualized and searchable within Whizzard with additional content from the archive being provided by CA over the coming months.
 - CA staff are actively using Whizzard to curate the first new videos with the Whizzard solution which will begin publishing to the CA website and apps in Q1 FY24.

Pipeline, Growth, and a Path to Profitability

- The company continues to execute on its growth strategy which includes growth from:
 - Existing customers
 - Deployment of three existing customer contracts being completed in Q1 and Q2 which will drive increases in monthly recurring revenue.
 - Upsell and cross-sell opportunities with existing customers including Racing.com, Cricket Australia, Inverleigh and A-Leagues which are expected to close in Q1 and Q2 which will generate additional setup fees and materially increase recurring and variable revenue from these existing clients.
 - New customers in the same sports
 - The company is actively working to replicate its success in current sports such as cricket and football, repeating the same solutions with new customers in these sports.
 - Existing case studies act as proof points to reduce the sales cycle.
 - Repeatable deployment of existing solutions means faster time to revenue and greater margins on each deal.
 - New customers in new sports
 - Linus' growing customer base is providing cross sport credibility, making it easier to target customers in new sports including American football, volleyball, baseball, and eSports.
 - New Geographies
 - With its first deal in the US announced, Linus will be focusing heavily on expansion in this new market through its current partners McCormack Advisors and IS Partners, as well as its US-based board members.
 - The company has recently brought on additional commission-based business development partners to support growth in new geographies including LATAM, India, Asia, and Europe.
 - New segments
 - The broadcast segment represents the largest opportunity for Linus as broadcasters have access to billions of viewers as well as multiple sports and leagues. Linus is currently developing opportunities with multiple broadcasters.
 - The college sports market, specifically in the US, is an attractive, highly repeatable market opportunity for Linus. With over 1,100 schools, 150 divisions, and dozens of

sports in the National Collegiate Athletics Association (NCAA), this market is currently being targeted with multiple opportunities in development.

- The company has adapted its product and go-to-market strategy to support the growth strategy
 - The enhanced product strategy seeks to provide additional value to customers and to drive higher revenues and margins as Linus targets new market segments.
 - Linus Media Solutions is a powerful suite of Linus applications, APIs, and services that enables broadcasters, federations, and rights holders to unlock the value of their media archives.
 - Linus Media Solutions has Whizzard at the core and includes the LVS platform, APIs, and various applications that extend the functionality and value of Whizzard.
 - Linus Media Solutions is generating huge value for sports video rights holders. Whilst live sports is successfully monetised, the US\$55² billion spent on the content annually is significantly under-monetized post the live event. This is the market issue that Linus Media Solutions solves, providing clients with a higher return on their multi-billion dollar investments.

Financial Results

FY 2023 was a record year for Linus with annual cash receipts up 82% over FY22 and annual billings up 133% over FY22. Quarterly cash receipts were a 143% increase on the prior year's equivalent quarter and quarterly billings were 71% higher than the prior year's equivalent quarter. With increased cash receipts and cost reductions, the annual cash burn in FY23 was reduced by 53% from FY22.

The annual results include billings and cash receipts for existing customers' monthly recurring fees plus setup and recurring fees from new contracts secured during the year.

Q4 FY23 billings and cash receipts include setup fees for IMG Replay and Inverleigh, for work delivered to date, as well as recurring monthly fees from ongoing contracts. The results do not include recurring fees from IMG Replay or Inverleigh, which will begin in future quarters.

Summary of expenditure for the June 2023 quarter and related party payment

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

- Research and development \$490,000: This encompassed continued development of the LVS SaaS platform, enhancement of productised solutions including Whizzard and deployment of new customers.
- Operating costs \$171,000: This includes 3rd party costs incurred in operating the SaaS platform and delivering LVS solutions to existing clients.
- Staff and consultant costs including director fees \$333,000: This includes staff costs associated with sales, marketing, sales engineering staff, product management, finance and management of the Company.
- Administration, travel and corporate costs \$16,000: Made up of ongoing corporate Company costs, including ASIC, ASX, share registry costs and costs related to sales activities.

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

² <https://www.sportbusiness.com/news/global-value-of-sports-media-rights-hits-55bn-to-top-60bn-by-2024/>

About Linus Technologies Limited:

Linus' purpose is to unlock the value of the world's video, creating immersive, deeply personalized viewing experiences. For the first time, we make it possible to find, curate, and utilize the valuable moments across vast libraries of video, enabling viewers to create an infinite amount of personalised video compilations on-the-fly, providing the most relevant content to each viewer.

Our patented Video Virtualisation 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 monetisation 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 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	175	496
1.2 Payments for		
(a) research and development	(490)	(1,779)
(b) operating costs	(171)	(816)
(c) advertising and marketing	(9)	(47)
(d) leased assets	-	-
(e) staff and consultant costs	(333)	(1,642)
- recruitment fees	-	-
(f) administration, travel and corporate costs	(16)	(266)
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	-	429
1.8 Other (legal and patent costs)	(61)	(118)
1.9 Net cash from / (used in) operating activities	(905)	(3,743)

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 (12 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)	1,033	3,420
3.2	Proceeds from issue of convertible debt securities*	-	353
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 (convertible note)	-	(500)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (AASB16 lease principal payments)	-	(12)
3.10	Net cash from / (used in) financing activities	1,033	3,261

*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	353	963
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(905)	(3,743)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,033	3,261
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	481	481

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	430	302
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)	481	353

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**

138

-

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)	(905)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	481
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	481
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.53

- 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

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

Yes, the Company is in trading halt while completing a capital raise.

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 July 2023

Authorised by: By the board