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ASX Announcement

30 October 2020

Linius Quarterly Activities Report – Period ending 30 September 2020

Linius Technologies Limited (ASX: LNU) (**Company** or **Linius**) is pleased to lodge its Quarterly Activities Report and Appendix 4C with the ASX for the quarter ending 30 September 2020.

Highlights:

- Launched Linius' AI Meeting Solution and integration with Livetiles (ASX:LVT).
- Livetiles won first pilot customer for AI Meeting Solution, a leading Australian University.
- Announced plans to further invest in the AI Meeting Solution, and began integrating with Zoom and Webex.
- Improved the commercial deal with the National Basketball (NBL) league, with 'Gold Standard' of personalised TV to launch prior to the season's start.
- Racing.com significantly expand their use of virtual video.
- Grafa (the Company's anchor client in the news vertical) continued development ahead of their November launch.
- Commercial success in sports, news and meetings leading to partners such as Amazon Web Services ("AWS") actively introducing their clients to Linius solutions.
- Continued testing of the Linius security capability by a European security agency.

Linius' core strategy of providing personalised TV solutions remains unchanged, as does the strategy of commercially validating solutions and enabling our partners such as AWS and Microsoft to sell more of them.

Linius has now won clients in each of its target sectors:

- News with Grafa, a new hyper-personalised financial news service.
- Sports with Racing.com, Sportshero, and NBL,
- Video Conferencing with Livetiles (a global intranet and workplace software company).
    - Livetiles have won the first client, a leading Australian University
- Linius also has partners such as Swanbay (a Sports application headquartered in the UK), who have fully integrated the Linius technology, with plans for significant commercialisation in Europe.

The Company focused operations in the quarter on the deployment of these solutions, which are expected to be completed in the December quarter with revenues commencing upon deployment. All of the initiatives represent the deployment of 'productised' versions of the Linius technology and these products are easily replicated at scale for future clients with similar use cases. Linius is working intensely with channel partners to roll out these solutions to such clients.

Linius' management believes that having these solutions in market, visibly driving clients' businesses and delivering on the promise of personalised TV, will set the company up well for faster recurring revenue growth.

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Linius CEO Chris Richardson:

"Notwithstanding delays caused by Covid 19, the September quarter has set Linius up to deliver new client solutions and new revenues in each of our target markets in the December quarter.

In early 2020 management felt that we had commercially validated the business with multiple wins in the sports sector, only for them to be delayed by the COVID 19 pandemic. These client solutions are already deployed, and can be enabled as these sports recommence, and begin generating recurring revenue.

We have continued to win multiple new clients such as Livetiles, who have secured a leading University as their first landmark customer, and Grafa, whilst also growing the value of existing customer relationships with Racing.com and NBL.

The September quarter was a period where we were able to deploy solutions into our core target sectors, delivering repeatable and scalable 'products' with far-reaching opportunities in high-use, large addressable markets such as sports broadcasting and video conferencing.

We are confident that these deployments will clearly demonstrate the power of virtual video and its potential for application on a global stage."

Commercial Activity

As the business starts to demonstrate its commercial capability the Company has two parallel areas of opportunity:

1. 'Productised' versions of the technology.
   These 'productised' solutions are currently being deployed into our recent customer engagements. They create the capacity to deliver repeatable solutions, which are quick to deploy and have predictable commercial outcomes.
   Examples of these 'products' are:
   - the AI Meeting Solution, which adds value to the substantial video-conferencing market;
   - the Sports Solution, which enhances the customer experience for sports broadcasters;
   - the News Solution, delivering a highly transformative capability for News publishers.

2. Partners building their own solutions on Linius' SaaS platform LVS (Linius Video Services)
   In parallel, customers such as Racing.com, and partners such as Swanbay continue to build their own solutions taking advantage of the core capability of our SaaS platform, LVS.

1. Linius AI Meeting Solution

Linius' AI Meeting Solution makes video conference recordings useful for the first time. Today, across a library of lengthy videos, key content can be difficult to reference conveniently. With the AI Meeting Solution, users can quickly assemble relevant points from within their recordings to use, share and collaborate on the fly.

The Linius business model includes enabling its channel partners to demonstrate transformative value. During the quarter, there was a specific focus on Livetiles clients, with a leading University agreeing to take the first iteration of the solution.

Linius is now enhancing the product to include many new features, on the premise that a huge amount of video conferences are recorded every day, whether in business or, in this initial case, at University, and these videos remain largely unwatched due to the barriers that exist around convenience and usability.

The addressable market is both substantial and global, and the use cases that result, potentially, endless.

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Linius now intends to take this capability to 100s of millions of users by integrating with Webex and Zoom (in addition to Microsoft Teams) and working with channel partners such as Amazon Web Services (AWS) to engage with clients.

This enhanced service has been designed and developed throughout the quarter and is ready for launch in the December quarter.

2. Linius Sports Solution

National Basketball League (NBL)

During the quarter Linius worked with NBL to significantly enhance the proposed Personalised TV solution and associated commercial deal.

The NBL will launch a 'gold standard' solution which will demonstrate the capabilities of personalised TV to sports broadcasters.

The Company expects this service to launch in the December quarter and the solution is readily repeatable to every sports broadcaster in the world. Revenues commence 30 days after delivery to the client.

The Company is using this productised capability to generate a sales pipeline in other basketball and sports leagues both via our partners and directly. The Company has reached an arrangement whereby the NBL is incentivised to introduce Linius to global basketball leagues.

Racing.com

Over the last 12 months, Racing.com has demonstrated how the use of the Linius technology can make a significant impact on fan and stakeholder engagement. Consequently, Racing.com has continued to develop many new features using Linius' technology.

Racing.com has embraced personalised sports experiences across all of their properties, ensuring the newly developed features are at the forefront of their strategy for their biggest event of their year, the Melbourne Spring Racing Carnival.

- **Replay Hub**[1] - has been upgraded from its 'beta' version and now delivers new ways for fans and "punters" to consume video-on-demand.

- **Tipping Hub**[2] - a new feature compiling dynamic data-driven videos that uses the race fields, expert tips and suggested horses to follow, to help inform decision making for "punters".

- **Editorial Suite** - provides the Racing.com team access to enhanced production software making it easy to instantly create and assemble new video content using racing vision, interviews, program highlights and any other content produced by the broadcast team.

Sportshero

The Sportshero Solution is now deployed and awaiting the start of the Indonesian Football League. Revenues are triggered to commence when 90,000 Linius videos have been watched.

3. Linius News Solution

Linius has secured a commercial agreement with Grafa and is deploying a news solution which Grafa has scheduled to launch in November.

This will enable Grafa to provide hyper-personalised news feeds to its subscribers, in addition to their charting and market intelligence.

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[1] https://www.racing.com/replays/#/

[2] https://www.racing.com/tips/#/tipping-hub

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Linius technology enables Grafa subscribers to personalize finance and business video content based on their interests. Users will input their preferences encompassing economic data, stock markets, forex and cryptocurrencies to effectively build their own bespoke business news channel, tailored specifically to them.

Revenues commence upon deployment.

4. Outlook

Linius' core strategy of providing personalised TV solutions remains unchanged and has achieved significant commercial wins.

The company is focussed on two objectives:

i. 1.Generating significant near-term revenue growth from Linius' proven technology solutions:
   - AI Meeting Solution for the video conferencing market, with Livetiles being the first partner, and near term integration with Zoom and Webex.
   - Sports personalisation, with Racing.com expanding utilisation, a 'gold standard' personalised channels deployment with NBL and Sportshero ready to launch as their season starts.
   - Personalised Finance News product, with Grafa

ii. 2.Roll out and repeat these established and commercially validated solutions with other similar organisations
   - Close Partners such as AWS and Microsoft are actively introducing these Linius solutions to their clients

5. Capital raising

On 23 September 2020, Linius announced it had received commitments from professional and sophisticated investors to raise $5 million (before costs), resulting in the issue of 171,071,429 fully paid shares at $0.028 per share on 1 October 2020. The placement includes a $210,000 commitment from Linius Chairman Gerard Bongiorno, with a further 7,500,000 shares to be issued subject to shareholder approval at the Company's AGM set for 30 November 2020.

The Company is using the proceeds of the placement to drive revenue growth for the Company's operations with specific focus on assisting LiveTiles in selling their Intelligent Meeting Solution, of which Linius is the backbone OEM provider, continuing to develop AI Meeting Solution, promote the solution into the global video conferencing market and general working capital purposes.

6. Summary of expenditure for the quarter and related party payments

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

- Research and development $427,000 – continued development of the LVS SaaS platform, including deploying productised solutions in the Video Conferencing and Sports Broadcasting markets.
- Operating costs $74,000 – external costs 3rd party costs incurred in operating the SaaS platform, and delivering LVS solutions to existing clients.
- Staff and consultant costs including director fees $406,000 – includes staff costs associated marketing, presales and sales engineering staff, finance and management of the company.
- Administration, travel and corporate costs $48,000 – ongoing corporate Company costs, including ASIC, ASX, share registry costs & auditors half year fee 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.

This announcement has been approved for release to ASX by the Board of Directors of the Company.

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About Linius Technologies Limited

Linius Technologies Limited (ASX: LNU) has invented and patented the **Video Virtualization Engine™ (VVE),** which is available on Amazon Web Services, Microsoft Azure and IBM Cloud.

Amazon, Microsoft and IBM are investing billions in virtualizing video services (technologies) and artificial intelligence in the cloud. It is arguably the biggest battle on the internet, given that video accounts for nearly 80 percent of internet traffic.

Only Linius can expose the data that makes up the video file, making cumbersome video as flexible as all other forms of data. Accessing the data within the video file is the missing link for video cloud service providers, creating unparalleled value across the internet video industry.

Linius has the potential to transform many multi-billion-dollar markets, and is initially focused on:

- **Anti-Piracy:** Applying proven data protection methods to video to solve piracy
- **Search:** Search within videos and compile new videos on the fly
- **Security and Defence:** Intelligent search and immediate distribution of security footage
- **Personalized Advertising:** Hyper personalized to individuals, timeslots and content

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Appendix 4C

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

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Name of entity	
Linius Technologies Limited	
ABN	**Quarter ended ("current quarter")**
84 149 796 332	30 September 2020

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	20	20
1.2	Payments for		
	(a) research and development	(427)	(427)
	(b) operating costs	(74)	(74)
	(c) advertising and marketing	(21)	(21)
	(d) leased assets	-	-
	(e) staff and consultant costs	(406)	(406)
	- recruitment fees	-	-
	(f) administration, travel and corporate costs	(48)	(48)
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)	(66)	(66)
1.9	**Net cash from / (used in) operating activities**	**(1,022)**	**(1,022)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	4,757	4,757
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 (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**4,757**	**4,757**

*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	1,597	1,597
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,022)	(1,022)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,756	4,756
4.5	Effect of movement in exchange rates on cash held		-
4.6	**Cash and cash equivalents at end of period**	**5,331**	**5,331**

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	5,280	1,546
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)**	**5,331**	**1,597**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 *Director fees and CEO remuneration*	60
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

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)	(1,022)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,331
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	5,331
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	5.216

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?

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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?

-

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

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2020

Authorised by: By the board

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