



ASX Announcement

29 January 2020

Linus Quarterly Activities Report – Period ending 31 December 2020

Linus Technologies Limited (ASX: LNU) (**Company** or **Linus**) is pleased to lodge its Quarterly Activities Report and Appendix 4C with the ASX for the quarter ending 31 December 2020.

Highlights:

- Product launches lead to increased recurring revenues during the quarter.
- Appointed John Wallace, ex NBC and Deluxe boss as an independent and non-executive director of the Company.
- Appointed Robert Scott, ex Hewlett Packard boss and start-up specialist to the Linus Advisory Board.
- Launched Linus' Whizzard Solutions into the Video Conferencing Market place, with integrations into Zoom and Webex.
- Commenced sales outreach in to the multi-billion-dollar video conferencing market.
- Generated new recurring revenues from Grafa's beta launch of their app.
- Delivered hyper-personalised sports solution to NBL, to generate new recurring revenues in the March quarter following formal launch expected imminently.
- Continued to develop a POC with Livetiles for a leading Australian University.
- Continued testing of the Linus security capability by a European security agency.

The December Quarter saw the Company develop, deliver and commercialise its solutions in each of its target sectors, generating new recurring revenues.

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

The quarter was focused on the delivery of these productised solutions, generating new recurring revenues in the quarter from Grafa.

Linus now has delivered and commercially validated easily repeatable solutions into very large addressable markets. All the initiatives create the capacity to deliver repeatable solutions, at scale, which are quick to deploy and have predictable commercial outcomes. Examples of these 'products' are:

- Whizzard Solutions, which adds significant value to the substantial videoconferencing and education markets; and
- Sports Solution, which enhances the customer experience for sports broadcasters.

Linus' 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.

Towards the end of the quarter Linus' focus moved from delivery of these client solutions to generating repeat sales and increased sales momentum.

Linus CEO Chris Richardson:

"This quarter saw new recurring revenues generated which we expect to add to significantly in the March quarter. We productised our solutions and delivered them.

"We are now wholly focussed on repeating these sales and doing so into very large markets. We will do this with a disciplined and targeted approach, selling the same solution, leveraging our current client's successes, deploying them quickly and growing our revenues.

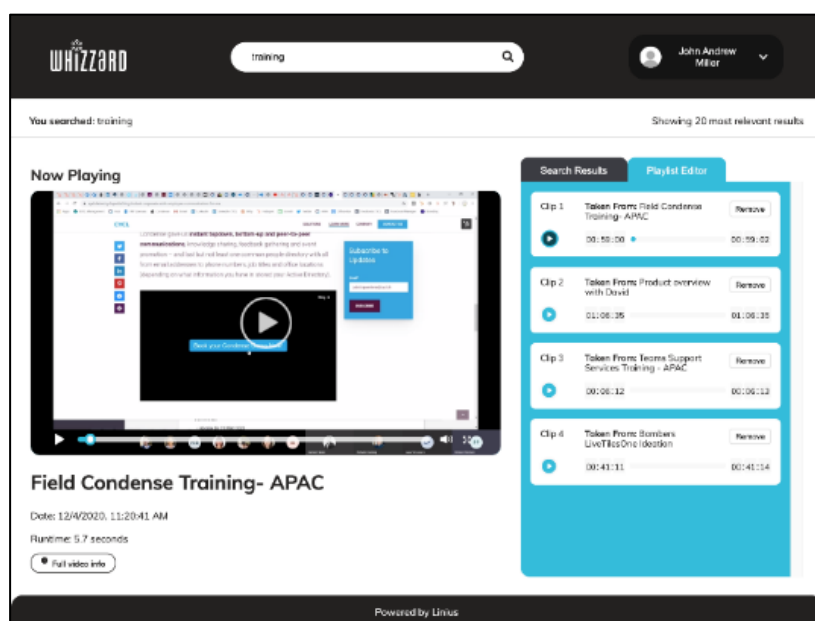
"This includes sales of Whizzard into the video conferencing marketplace and of our Sports Solution into sports leagues around the world."

Commercial Activity

Linus' commercial activity is focussed on generating new recurring revenues from the repeat sales of its commercial products with a specific focus on Whizzard Solutions and its Sports Solution.

1. Whizzard Solutions

Whizzard Solutions was launched on 25 November 2020 and represents a significant evolution of the Linus AI Meeting Solution. Whizzard, with its world-first technology, provides people with the ability to search, create and share the critical business and education knowledge, which is hidden within these recordings due to the barriers that exist around convenience and useability.



The video conferencing market is booming, with more people than ever before using platforms such as Zoom, Webex Meetings and Microsoft Teams for remote working and learning.

- The Video Conferencing Market size surpassed USD 14 billion in 2019 and is anticipated to grow at over 19% CAGR between 2020 and 2026.¹

[1] Source: *Global market insights: Video Conferencing Market Size By Component (Hardware [Multipoint Control Unit (MCU), Codecs, Peripheral Devices], Software [On-premise, Cloud], Service [Professional, Managed]), By Type (Room-Based, Telepresence, Desktop), By Application (Corporate Enterprise, Education, Government, Healthcare), Industry Analysis Report, Regional Outlook, Growth Potential, Competitive Market Share & Forecast, 2020 – 2026*
<https://www.gminsights.com/industry-analysis/video-conferencing-market>

- Zoom holds 37% of the web conferencing market share (#1), and Cisco Webex holds 17% (#3).²
- Zoom reported up to 300 million plus users per day in 2020.³
- Microsoft has grown its Microsoft Teams Users from 2 million in November 2017, to 115 million in November 2020.⁴

A significant proportion of these meetings are recorded but are rarely accessed.

With Whizzard, users can quickly search for and assemble relevant segments from within their recordings to use, share and collaborate. An aggressive product development plan sees new functionality released on a weekly basis and will quickly deliver a fully self-service platform that can be marketed to the world's video conferencing market.

The Company is following a disciplined and focused sales plan, aligning target markets with product functionality at all times, and is initially focusing on direct sales to provide referenceable clients and new near-term recurring revenues. The Company will open the product to global marketplaces via its partners, integrations and marketplaces as the product becomes fully self-service later in this quarter.

The product is available today at US\$4 per user per month, plus content enrichment packages.

2. Linus Sports Solution

Linus' Sports Solution has now been deployed to NBL, Racing.com and Sportshero. NBL has delayed formal launch for internal operational reasons, with this expected imminently. Sportshero's go-live date remains dependent on the recommencement of the Indonesian Soccer league.

Each fan can input their own preferences such as favourite team, players, actions, matches etc, and a new video content stream will be instantly created to their specific requirements. They can edit and share their channel, generating followers. Their channel automatically updates when new content matching their individual preferences becomes available. The service can be subscription based or advertising funded.

The NBL service is the first service of its kind in the world, with no other known technology able to deliver personalized TV channels with viewers dictating the content within the actual stream.

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 NBL is incentivised to introduce Linus to other basketball leagues around the world. The development of the Linus technology as a productised sports solution and its live deployment provides the basis for rapid deployment into new sports leagues, potentially within as little as two weeks from a decision to deploy.

3. Additional paths to market

News.

Grafa soft-launched to the market in December, triggering new recurring revenues for Linus. Linus will continue to support Grafa as it develops deeper functionality across their app including the personalisation of video ahead of its hard launch.

² Source: *Datanyze Web conferencing*
<https://www.datanyze.com/market-share/web-conferencing--52>

³ Source: *Bloomberg: Zoom Clarifies It Has 300 Million 'Participants,' Not Users* (1 May 2020)
<https://www.bloomberg.com/news/articles/2020-04-30/zoom-clarifies-it-has-300-million-participants-not-users>

⁴ Source: *Business of Apps Microsoft Teams Revenue and Usage Statistics (2020)* (8 December 2020)
<https://www.businessofapps.com/data/microsoft-teams-statistics/>

Security and Defence.

Linus continues to support programs with a European Intelligence Agency. Whilst a long-term project, utilising minimal resources, Linus believes the LVS technology adds significant capability enhancement and value to a potentially very large marketplace.

Blockchain – BVS

Linus remains excited about the prospects of combining its patented technology with block chain, to provide a B2C or a B2B2C solution for content creators spanning the gamut of pro-streamers to traditional studios. While this remains in a research and development phase, activity in the broader market continues to demonstrate the need for such a solution. The billions of dollars lost to investors in Quibi could conceivably have been saved by the use of a platform such as is envisioned for BVS.⁵ Similarly, the aggressive overhauls that companies like NBC Universal are being forced to make in order to remain competitive with their own platforms are indicative of the need for a common solution.⁶ While still in early stages, the company remains bullish over the prospects for BVS.

4. Appointments of John Wallace and Robert Scott

The quarter saw the appointment of John Wallace, ex NBC and Deluxe boss as an independent and non-executive director of the company, as announced on the ASX 14 December, 2020. US-based John Wallace has over 30 years of experience in tier 1 video and media organisations, across operations, and sales, with an extensive understanding and experience in technology, television and broadcasting industry. He most recently served as President and Chief Executive Officer of Dulux Entertainment Service, the Media and Entertainment Industry's century-old post-production and video distribution services company.

In the quarter, Robert Scott (US-based), a 30-year technology industry veteran and start-up specialist was appointed to the Advisory Board. Scott's career has focused on building high-value organizations and in 2002 he was recognized by Ernst & Young as its "Entrepreneur of the Year". Robert has an established reputation amongst industry insiders as a competitive turn around agent, having led seven start-ups, two restarts and one internally incubated venture to successful outcomes.

Currently, Robert is CEO of Cygilant, a leader in cybersecurity-as-a-service. He joined the company in 2018 and since has repositioned the company, launched a SOC-as-a-Service centre of excellence in Belfast and implemented a best-of-breed technology strategy signing partnerships with Exclusive Networks, LogPoint and AT&T Cybersecurity.

In previous positions, Robert was CEO of Colubris Networks, guiding the company through its acquisition by Hewlett-Packard. Scott was also VP and worldwide general manager for Hewlett Packard's energy and sustainability business unit, with full responsibility for the growth of the unit. He led the division to record sales numbers of \$2.7 billion before being asked to take over incubation and growth of HP's visual collaboration venture by HP's new CEO and Chairperson Meg Whitman. Robert served as CEO of Clique Intelligence, the HPE and DreamWorks funded company focused on the top 2000 largest worldwide customers of HP.

Robert has also served as president and CEO of Bradford Networks, leading the company through its acquisition by Fortinet in June 2018. He has served on the board of directors for numerous technology and financial services companies, including Avidbank, Hexadite (acquired by Microsoft), Hotshot Mobile and Trilio Data.

⁵ Source: Variety: *Quibi Is Officially Dead* (1 December 2020)
<https://variety.com/2020/digital/news/quibi-officially-shuts-down-1234842926/>

⁶ Source: Television Business International: *NBCU's Mark Lazarus says 'aggressive' overhaul will strengthen creative firepower* (20 January 2021)
<https://tbivision.com/2021/01/20/nbcus-mark-lazarus-says-aggressive-overhaul-will-strengthen-creative-firepower/>

5. Outlook

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

The Company is focussed on two objectives:

- i. Generating significant near-term revenue growth through direct sales from Linus' proven technology solutions:
 - o Whizzard Solutions for the video conferencing market
 - o Sports Solution, with Racing.com expanding utilisation, a 'gold standard' personalised channels deployment with NBL and Sportshero ready to launch as their season starts.
- ii. Roll out and repeat these established and commercially validated solutions with other similar organisations.
 - o Close Partners such as AWS and Microsoft are actively introducing these Linus solutions to their clients.

6. Capital Raising

With receipt of shareholder approval at the Company's AGM on 30 November 2020, Linus issued 7,500,000 fully paid shares at \$0.028 per share to Linus Chairman Gerard Bongiorno, completing the September 2020 placement.

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 Linus is the backbone OEM provider, continuing to develop the AI Meeting Solution, promote the solution into the global video conferencing market and general working capital purposes.

7. 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 \$385,000 – continued development of the LVS SaaS platform, including deploying productised solutions in the Video Conferencing and Sports Broadcasting markets.
- Operating costs \$63,000 – 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 \$518,000 – includes staff costs associated marketing, presales and sales engineering staff, finance and management of the company.
- Administration, travel and corporate costs \$51,000 – 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.

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

About Linus Technologies Limited

Linus 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 Linus 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.

Linus 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

For more information please contact:

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Appendix 4C

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

Name of entity

Linius Technologies Limited

ABN

84 149 796 332

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	42	62
1.2 Payments for		
(a) research and development	(385)	(812)
(b) operating costs	(63)	(137)
(c) advertising and marketing	(23)	(44)
(d) leased assets	-	-
(e) staff and consultant costs	(518)	(924)
- recruitment fees	-	-
(f) administration, travel and corporate costs	(51)	(99)
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)	(22)	(88)
1.9 Net cash from / (used in) operating activities	(1,020)	(2,042)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(3)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities* (excluding convertible debt securities)	236	4,992
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	236	4,992

*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	5,331	1,597
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,020)	(2,042)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	236	4,992
4.5	Effect of movement in exchange rates on cash held		-
4.6	Cash and cash equivalents at end of period	4,544	4,544

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	4,493	5,280
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)	4,544	5,331

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**

120

-

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

7. Financing facilities

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

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

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

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

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

-

-

-

-

-

-

-

-

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

-

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,020)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,544
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,544
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.45

- 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?

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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: 29 January 2021

Authorised by: By the board