Video Virtualization Engine™

LINIUS TECHNOLOGIES LIMITED

ACN 149 796 332

ANNUAL REPORT

2022

LINIUS TECHNOLOGIES LIMITED

ANNUAL REPORT 2022

CONTENTS PAGE

CORPORATE DIRECTORY	2
CHAIRMAN'S LETTER TO SHAREHOLDERS	3-4
CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS	5-14
DIRECTORS' REPORT	15-30
CORPORATE GOVERNANCE STATEMENT	30
AUDITOR'S INDEPENDENCE DECLARATION	31
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	32
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	33
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	34
CONSOLIDATED STATEMENT OF CASH FLOWS	35
NOTES TO THE FINANCIAL REPORT	36-69
DIRECTORS' DECLARATION	70
INDEPENDENT AUDITOR'S REPORT	71-76
ADDITIONAL INFORMATION FOR LISTED COMPANIES	77-78

LINIUS TECHNOLOGIES LIMITED

ANNUAL REPORT 2022

CORPORATE DIRECTORY

This annual report covers Linius Technologies Limited and its controlled entities (the "Group" or "Group") during the year ended 30 June 2022. The presentation currency of the Group is Australian dollars.

OFFICERS	Gerard Bongiorno	(Non-Executive Chairman)
	James Brennan	Executive Director and CEO (appointed 24 Oct 2021)
	Stephen McGovern	(Non-Executive Director)
	Christopher Richardson	(Executive Director and CEO resigned 30 November 2021)
	John Wallace	(Non-Executive Director)
	Giuseppe Rinarelli	(Company Secretary and CFO)
REGISTERED OFFICE	Level 2, 431 St Kilda Road, MELBOURNE VIC 3004	
SOLICITORS	Milcor Legal Lawyers Level 1, 6 Thelma Street WEST PERTH WA 6872	
AUDITORS	KPMG Tower 2, Collins Square 727 Collins Street MELBOURNE VIC 3000	
SHARE REGISTRY	Advanced Share Registry Ltd 110 Stirling Highway NEDLANDS WA 6009	
	Telephone:	(08) 9389 8033
	Facsimile:	(08) 9262 3723
PRINCIPAL PLACE OF BUSINESS	Level 2, 431 St Kilda Road, MELBOURNE VIC 3004	
	Telephone:	(03) 8680 2317
	Facsimile:	(03) 8680 2380
	Email: info@linius.com	
WEBSITE	www.linius.com	
ASX CODE	LNU	

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of your board of directors, I am pleased to enclose the Annual Report of Linius Technologies Limited for the financial year ended 30 June 2022.

The current year for Linius was one of maturing, proving, and accelerating the business, our products and markets. During the year Linius executed against our stated strategy of commercially validating the business through direct sales, proving demonstrable value to customers, gaining critical proof points, generating repeat sales, and expanding through partnerships.

Linius gained significant traction in both the Sports and Education markets, adding critical customer deployments, and developing scalable, repeatable products and go to market strategies in each segment. Expanding customer deployments provided the customer insights and proof points needed to validate the value of our solutions, leading to an acceleration of the commercial sales pipeline

The year saw a material increase in live customer deployments for Linius. We signed our first education customer, the University of Newcastle, and deployed Whizzard for Education to our first live users. In the sports market, we deployed our first international end customer, English Premier League club Wolverhampton Wanderers (Wolves); we gained important usage/analytical data from full seasons with the National Basketball League, Wolverhampton Wanderers, and Racing.com; and expanded with live deployment at Club Brugge of the Belgian Pro League, and trial deployment with the English Football League in partnership with Swanbay.TV and IMG Media.

The lessons from these deployments focused our thinking on chosen markets, refined our product strategy, and drove new go to market plans. Products were released and refined including Whizzard for Education and Whizzard for Business. An extended partnership model with Swanbay now allows Linius to sell the complete MatchVision sports solution built on Linius Video Services (LVS) directly to customers. Traction in the sports market raised visibility of the value of the Linius Editorial solution currently deployed at Racing.com, with multiple opportunities in development for this solution. The product strategy is now focused on driving rapid repeat business with these existing and ready-to-deploy products. Lastly, new commercial models have been introduced to ensure new customer contracts provide immediate and recurring revenues.

The organization matured with the addition of key executive appointments. On 25 October 2021, Linius announced the appointment of new Chief Executive Officer, James Brennan and new Chief Technology Officer, Clive Malcher.

These seasoned leaders have added substantial capability and rigour to the business. They installed the team, structure, and operational processes to create a scalable, repeatable business. Resources were added in critical areas like Customer Success, focusing on driving adoption and satisfaction within existing clients. In June 2022, a restructure and cost reduction were implemented to create an efficient structure to drive the business forward in the 2023 financial year.

With the transition to new leaders, I would like to acknowledge Chris Richardson, former CEO and Director for his efforts and dedication in the early stages of Linius' growth. His vision and expertise brought the Linius Video Services (LVS) platform to life and laid the groundwork for the next stage of Linius growth.

CHAIRMAN'S LETTER TO SHAREHOLDERS CONTINUED

The current year was a critical and successful transition year for Linius. The maturation of the business and our strategy has provided a clear focus and strong pipeline as we exit FY22 and head into FY23, poised for a year of significant growth as we deliver the commercial deals in our pipeline. The board stands firmly behind the vision, strategy, and tactical plan that the business has for the future. We see the opportunity directly in front of us for FY23 to become a breakout year for the business.

I personally would like to thank the entire Linius staff for their efforts through FY22. Tremendous effort and long hours have gone into getting the business to this point. The team worked through major change, always keeping their heads down and spirits up. Also, personal thanks to James for his leadership and efforts since his appointment to reshape the business for success.

Finally, we thank Linius investors for their continued support and patience as your company progresses its product commercialisation and growth strategy.

I present to you the report on Linius and its controlled entities for the 30 June 2022 financial year.

Gerard Bongiorno
Non-Executive Chairman
30 September 2022

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

Dear Shareholders,

On behalf of your board of directors, I am pleased to enclose the Annual Report of Linius Technologies Limited for the financial year ended 30 June 2022.

Summary

I'm proud of the progress Linius made in the current financial year. We increased adoption with existing clients, added exciting new customers in sports and education, significantly matured our products and go-to-market strategies, and refined the organization for future scale. Importantly our products generated substantial value for our clients with their viewers embracing our products, generating great case studies and proof points to support our future sales efforts.

FY22 provided the foundation and feedback that has focused my vision to make Linius a successful, sustainable growth business. The greatest near-term market and revenue prospects lie in the Sports segment. Discussions with teams, leagues, broadcasters, and rights holders all over the world make it clear that Linius' opportunity and differentiator is in unlocking the value of the ***archive*** ("archive" is any non-live content – whether 1 hour old or 3 decades old). To-date, rights holders have focused primarily on live sport and are generating 99% of their value from 1% of the content. However, fans want deeper engagement and want to watch more than just the most recent games. Rights holders are looking for ways to keep fans coming back for more after the live events. There is a growing realization of the tremendous potential value in the catalogue of content that these brands have developed. Linius' virtual search and assembly capability is the key to unlocking this value. No other solution can match what we can do for these archives. We are seeing this directly in our pipeline opportunities, where MatchVision and the Linius Editorial solution are under consideration by some of the largest sports archives in the world for this exact reason.

We are highly focused on this vision and the opportunities immediately in front of us. We now have repeatable products, proof points, references, and business models to close large, revenue generating deals in the near-term.

We have been able to significantly reduce our cost base now that the products are complete and in market. Towards the end of the financial year we reduced costs by approximately 40% on a run rate basis once all reductions flow through into this financial year. A greater proportion of resources are now focused on customer success and closing near term sales opportunities.

We are driving these opportunities directly and each deal will have material impact on the future of Linius and the tipping point is not far off. Our analysis shows that with just 10-12 sports deals, we can not only pass a critical market acceptance inflection/acceleration point, but also be at a stage where Linius is a sustainable growth business. We have visibility to the deals that will get us there. We are directly driving and developing the pipeline. We have strong traction across multiple sports in Australia and anticipate deep market penetration across Australian sport in FY23. We now have growing opportunities in Europe with key anchor clients such as The English Football League and are actively developing opportunities in football across North America, and South America. We are opening new markets in collegiate and high school sport where the archive has tremendous value. The direct deals are there, and we will drive towards this tipping point in this financial year.

We are also aware that further growth in the longer term, particularly in global markets, cannot be sustained with a purely direct model. With that in mind, we are developing additional partnerships with leading providers in the sports market today to enable that future expansion.

The education market will continue to mature over FY23, with the expectation that our products, proof points, and go-to-market strategy will progress and become a larger part of Linius' revenue growth strategy throughout the year.

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

Highlights of FY22:

- Signed and deployed first commercial agreement in the education sector, University of Newcastle (UoN) and generated the first revenue from the Whizzard for Education product.
- Customer Racing.com saw increased usage through the year, continued to provide monthly recurring revenue (MRR), and provided an important published case study.
- The Australian National Basketball League (NBL) began providing monthly recurring revenue (MRR) throughout the 2021/2022 season.
- In conjunction with partner Swanbay, the MatchVision solution built on Linius LVS was deployed with English Premier League club Wolverhampton Wanderers for the 2021/22 season.
- The success at Wolves led to deployment of Matchvision via Swanbay, at Club Brugge, three-time reigning champion on the Belgian Pro League in May 2022.
- It also led to a pilot deployment of MatchVision via Swanbay, at the English Football League (EFL) in partnership with IMG, one of the largest media rights holders in the world. The trial was highly successful and is anticipated to lead to deployment with the EFL and individual clubs during the 2022/23 season
- Usage based revenues from Swanbay were generated by three end-client deployments: Wolves, Brugge and EFL
- A new enhanced partnership with Swanbay gives Linius the ability to sell complete LVS/Matchvision sports solution directly to clubs, leagues, and broadcasters around the world.
- Linius entered, renewed, and expanded partnerships with leading technology vendors including AWS, Zoom, Brightcove, and Instructure (Canvas). Further partnership discussions are progressing with other major vendors including Echo360, Panopto, Kaltura, and more
- New go-to-market partnerships were signed with McCormack Advisors and IS Partners in the US, which expand Linius' reach into new teams, leagues, sports, and regions.
- The Company completed and launched the Linius Whizzard for Business product, including integration with Zoom
- The Company created and focused on repeatable, scalable products – Whizzard, Matchivision, and Linius Editorial
- New commercial models were introduced to increase short term and recurring revenues. The models include up-front setup fees, monthly or annual license fees providing monthly/annual recurring revenues (MRR/ARR), and variable usage based fees (per minute, per subscriber, or revenue share)

Purpose & Strategy

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

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

The strategy for FY22 was as follows:

1. Commercially validate selected markets through successful customer deployments
    - Launch products in selected markets
        - Sports – teams, leagues, broadcasters, rights holders around the world
        - Education – ANZ Universities & higher education
        - Business – ANZ enterprise & mid-market businesses
    - Onboard new clients
    - Engage closely with customers and partners to drive adoption, user acceptance, and customer satisfaction
    - Gain product insights for continuous improvement
    - Gain key insights, feedback, and analytics to use as proof points for new business development

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

2. Create repeatable products and go-to-market strategies
    - Products that are easily replicable, deployable, supportable
    - Consistent, simple pricing and packaging models
    - Value based messaging and proof points
    - Commercial models that prove ROI to customers
3. Repeat sales and drive revenue in chosen markets
    - Generate short term and repeatable revenues
    - Develop commercial models to drive near-term and repeat revenue
    - Onboard additional customers using repeatable methodology
    - Develop key partnerships to expand reach and scale for sales, implementation, and support

Detailed summary of FY22 Operations:

Linius executed against this strategy in FY22 as follows:

1. Linius' sports business accelerates as it reaches the inflection point of growth

FY22 brought significant progress for Linius in the Sports segment. The sport segment was and continues to be the primary focus for the business in the near term. This is due to the success achieved to date, the maturity of the pipeline, and the opportunity for near term revenue.

Linius has progressed momentum in the sports market through the course of the year. We leveraged the local success with Australian customers Racing.com and NBL into global partnerships and customers, including teams and leagues in some of the largest sports in the world – the English Premier League, Belgian Pro League, and the English Football League.

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

Racing.com entered their third year of deployment with Linius during the year. The service continues to see incremental growth in usage. The December quarter always sees some of the highest usage with the Spring Carnival, including the Melbourne Cup, occurring in November. The December quarter showed the highest level of utilization that we have seen from Racing.com to date.

In October 2021, Amazon Web Services (AWS) published a case study "Linius boosts engagement with data-driven video playlists for Racing.com"[1] highlighting the benefits Racing.com got from adopting the Linius Sports Solution product. Key takeaways from this case study included the following:

- Increased user engagement by 125%
- A doubling of the number of page views to 400,000
- The generation of 50–100 new videos per day
- Efficiency gains with Racing.com's in-house team able to independently create and publish videos

This whitepaper has been utilized extensively by Linius and AWS sales teams to support further business development activities.

The Company's contract with the NBL delivered recurring revenues through FY22. The NBL season successfully launched in December, with the Linius personalised channels product being promoted to NBL fans globally. While impacts from Covid-19 continued to impact the early part of the season, consistent usage and growth was seen through the latter part of the season as the NBL promoted the service to fans through various electronic promotions. Important usage statistics were gained through the season, showing that on average, users visited the NBL Fan Channel 1.5 times per month, watched over 50 minutes of video per month, and visited 8 web pages and executed 15 different actions (video plays/searches) per visit.

Linius partner Swanbay.tv have created a unique Sports solution MatchVision with LVS at its core. Matchvision is Swanbay's unique fan engagement solution allowing fans to create their own custom video compilations of their favourite teams, players, and actions on the fly. The core of MatchVision is LVS, which provides the video search and assembly capabilities for the service.

MatchVision was launched at the beginning of the 2021/2022 season with English Premier League Football Club, Wolverhampton Wanderers (Wolves), distributed via Swanbay. Wolves' adoption of the MatchVision product saw it reporting a material increase in viewer engagement since deployment. Throughout the season, user feedback was incorporated into numerous enhancements to the service, providing an easy, fast, and high quality experience for users.

Wolves have been delighted with the staged launch of MatchVision through the season. Richard Pepper, Head of Digital at Wolves commented, "We are really pleased with MatchVision. Throughout the season we've seen usage and key metrics increasing significantly along with continued innovation in the service. We are now working with Linius and Swanbay to maximise promotion of this innovative service through the rest of this season and into the next."

The success and visibility of MatchVision at Wolves led to numerous pipeline opportunities and trials with teams, leagues, and rights holders around the world in multiple sports including golf, cricket, football, basketball and rugby.

[1] https://www.linius.com/aws-racing-com-linius-case-study/

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

May saw the launch of MatchVision via Swanbay with major football team Club Brugge KV, three-time reigning champions of the Belgian Pro League. Club Brugge is a 130-year-old club and one of the premier teams in European football with nearly 250k followers on each of their major social media platforms.

Additionally, MatchVision via Swanbay is now also being piloted in partnership with the English Football League (EFL), and major sports rights owner, IMG. The EFL encompasses three divisions and 72 teams and is followed by more than 500 million fans in 150 countries. This now-live pilot comprises a dedicated demo platform which has already been shared extensively with encouraging usage and positive feedback. Deployment into EFL.com and selected club sites is anticipated in the 2022/23 season.

Both Club Brugge and the pilot with the EFL saw strong usage through the end of the financial year. During FY22, revenues were generated from Swanbay based on usage by Wolves, Brugge, and EFL. The current partnering model with Swanbay sees Linius generating revenue from discovery and virtualization of game content into the service as well as the search and assembly of highlight videos by end users. Moving into more teams, larger leagues, and driving adoption by end-users will accelerate Linius' future revenues through this partnership.

These new deployments are validating Linius' go-to-market strategy in sports. On the LVS platform, Linius has developed its own products and onboarded its own clients (including Racing.com and the Australian National Basketball League) while simultaneously supporting partners like Swanbay to develop their own solutions and client base. Swanbay's expansion from existing client EPL club Wolverhampton Wanderers (Wolves) to new teams like Club Brugge, and now to large scale leagues like EFL, proves the repeatability of this go to market model. Each additional deployment will only serve to accelerate further growth and recurring revenue in the sports segment.

MatchVision is also receiving industry attention & recognition, having been given the Bronze Medal at the prestigious 2022 Football Business Awards in the category of Best Use of Technology. This award is providing valuable proof points and visibility, building further pipeline in the UK, European, and global football market.

In the June quarter, Linius entered into an enhanced partnership agreement with Swanbay, allowing both parties to bring the complete MatchVision/LVS solution directly to customers across the globe. With this agreement in place, MatchVision/LVS is now a repeatable, scalable product with well-defined, easy-to-buy, quick-to-deploy packages for sports teams and leagues. Linius is focused on replicating the success of MatchVision at Wolves and Club Brugge with teams, leagues, and broadcasters in Australia, the United States, and around the world.

Beyond Swanbay, Linius has developed additional partnerships in the sports segment to reach more leagues and regions. As part of the AWS ISV Accelerate program, Linius is now working with AWS sales teams globally, including their Sports and Media teams, supporting opportunities in the pipeline. In the December quarter, Linius entered into partnership agreements with McCormack Advisors and IS Partners in the US. McCormack Advisors, led by Todd McCormack, who has worked at IMG for over 35 years, has been providing independent counsel and business consultation for technology companies that have meaningful impact on the sporting landscape. IS Partners is a sports sales and marketing consultancy led by the former Director of Sports & Media from BlueJeans Network. These new partners are helping the Company navigate and manage the complexities of the market including relationships between fans, teams, leagues, players, broadcasters, rights holders, sponsors, vendors, and more. They are actively opening opportunities for Linius with some of the biggest sports content rights holders in the world.

In June 2022, Linius exhibited at the National Association of Collegiate Directors of Athletics (NACDA) conference in the US, attended by 6,000+ athletics department delegates from major universities across the US, opening significant new pipeline and partnership opportunities in the US Collegiate Sports market.

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

The success and maturation of the sports business in FY22 has created an optimal platform for success going forward. Entering FY23, the sports business has a solid, repeatable strategy:

- Repeatable products
  - MatchVision for fan engagement
  - Linius Editorial for content curation/publishing and B2B archives
- High value products with excellent user feedback and engagement
  - 95% 4+ out of 5 rating by end users
- Validated customer proof points, case studies, and references. Sports customers reported (average/across all customers):
  - Doubling of page views and video views
  - 120% increase average website dwell time
  - 35% of visitors return to use the service again
  - Return visitors watch 6x more video than prior average
  - 1.5 to 2 visits per month per user
  - Visitors conduct 8-10+ searches/plays
  - Improved operational efficiencies and ability to publish more content that before
- Clear go-to-market messaging focused on customer value
- Customer monetization and ROI models that show the customer how Linius' solution provides substantial revenue lift and rapid payback
- Commercial models that balance up front revenue, repeat revenue, and large upside from usage
  - Set Up Fees
  - Monthly/Annual Recurring Subscription Fees (MRR/ARR)
  - Usage based fees (optional models below)
    - Share of Ad/Sponsor revenue
    - Share of user subscription fees
    - Per minute usage fees
- Direct and partner led go-to-market models
- Rapid and repeatable project deployment process
- Successful account-based marketing plan targeting key sports segments

As Linius enters FY23, the commercial pipeline is strong across multiple sports and geographies, including:

- Sports Clubs – directly repeating successes seen by clients such as Wolves and Brugge
- Major Sports Leagues – mirroring the success of NBL and EFL
- Sports Broadcasters – leveraging team/league success into multi-sport broadcasters
- US Collegiate and High School Sports – taking current successes into a large new market segments
- Major global sports archive and distribution companies
- Technology partners already dominant in global sports markets
- Commercial partners such as McCormack Advisors, IS Partners and Swanbay
- Australia, UK, Europe, US, South America, Asia

2. Linius' education business begins to ramp up with first customer deployment

In a major step towards proving the commercial value of the Linius technology platform, the Company signed its first education deal in the September quarter with the University of Newcastle (UoN). The deployment generated revenue beginning in the December quarter, including up front set-up fees and ongoing monthly user license fees.

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

Through the December quarter, Linius and the UoN team worked to identify the initial use cases and develop the project plan. The first use case identified was for the university's vast "Living Histories" archives and library content which had recently been digitized. Through Q3, extensive work by both Linius and UoN staff prepared the solution for rollout. This included identification and preparation of the content and associated metadata by UoN staff. Enhancements to Whizzard developed through Q2 and Q3 for this use case included extensive Artificial Intelligence and Machine Learning (AI/ML) capabilities for enhanced transcription, Optical Character Recognition (recognizing written words in the video), and Facial Recognition. Based on staff and student feedback, improvements were made to the user experience and search algorithms, making it faster and easier to find, edit and share the content sought. Lastly, security enhancements were added to enable staff and students to use their existing Single Sign On credentials to access Whizzard. In Q4, Whizzard was tested extensively by the UoN project team and rolled out the first tranche of 6,000 staff, researchers, and student users in June.

Initial feedback from the deployment has been highly positive. Users have reported of the following benefits:

- Enhanced ability to find content that was not surfaced with other tools
- Significant improvement in operational efficiency – searches/research queries that would have taken weeks can now be completed in minutes
- Reduction in turnaround time for user inquiries by Library/research staff
- Improved value and return from archive digitization projects

University of Newcastle, Coordinator of GLAMx and Digitization Projects Dr. Ann Hardy said: "What took us six weeks, we can now do in minutes with Whizzard". She also commented "With a very quick search I discovered a videoclip for which I had been searching for more than two years".

Of the overall project, UoN Chief Information Officer (CIO) Anthony Molinia said: "We are incredibly proud to be the first university globally to launch Whizzard, and with that having the opportunity to input into product features and design. We are excited by the first use-case now implemented for historical archives and increasing our research capabilities across GLAMx. With this first phase now launched, we are looking forward to working with Linius on the next iteration of Whizzard".

Through this deployment, Linius has discovered and further evaluated the market opportunity and need for the product across galleries, libraries, archives, and museums (GLAMx) which is marketable and repeatable to a much broader audience. We now have a tangible, scalable and repeatable solution in the GLAMx sector, stimulating momentum in the market. With the first deployment complete, timeframes for future deployments of this solution can be delivered in weeks, versus months.

The company has added a go-to-market strategy, new packaging/pricing, and marketing campaigns specifically targeted at the GLAMx sector, including universities, government archives, state and federal libraries, and museums. With a rapidly repeatable and deployable solution, Linius will drive marketing campaigns in Australia, the US and the UK for the GLAMx use case in FY23.

During FY22, Linius met with most of the universities in Australia and New Zealand to understand their needs, digital strategies, and to present Linius Whizzard to enhance student engagement and learning. Many of these universities are continuing to evaluate Whizzard as part of their ongoing digital project plans in teaching and learning and now GLAMx. Linius maintains a robust commercial pipeline in education at various stages of the sales cycle for potential closure in FY23 and beyond.

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

The partner ecosystem accompanying Whizzard for Education was expanded to facilitate acceleration of commercial activity and deeper integration of the Whizzard product with leading education systems. This saw:

- Whizzard for Education released on the AWS Marketplace and Linius accepted into AWS ISV (Independent Software Vendor) Accelerate Program. AWS Education teams are now supporting Linius in selling Linius Whizzard for Education and field-ready kits were developed for their use.
- The Whizzard integration for Zoom, initially completed for the Enterprise market segment, is now available as an optional extension for Whizzard for Education.
- Linius is now a development partner with Instructure, provider of the Canvas learning management system.
- Ongoing partnership discussions and integration planning continued with Echo360, Kaltura, and Panopto. These partnerships and integrations will be furthered based on commercial opportunities.

3. Linius' enterprise business launches first product

During FY22, Linius undertook activity to launch products and enter the enterprise market segment.

Whizzard for Business was made available on the AWS Marketplace as part of the AWS ISV (Independent Software Vendor) Accelerate Program, following the successful completion of the AWS Foundational Technical Review (FTR). Whizzard for Business was also launched and listed on the Zoom Marketplace after passing rigorous testing requirements from Zoom. The solution allows Zoom users to quickly search and find important moments from their meetings.

Given the rapidly accelerating potential of the existing new business pipeline in Sports and Education, in June Linius made the decision to focus on those markets and to park its Whizzard for Business product and the Enterprise market segment for the foreseeable future.

4. Blockchain – BVS subsidiary developments

During FY22, BVS progressed in the development of initial product designs and value propositions. Linius was selected for the Amazon Web Services Rapid Prototyping Program to support Linius in the development of a blockchain related extension of the Linius Sports Suite, which will enhance rights holders' ability to directly monetize their content archive. Development of the prototype began during the year.

We still believe that the combination of our core patented technology with the additional patent we have received for blockchain technology could provide a compelling B2C and B2B2C solutions for content creators spanning the gamut of professional streamers to traditional studios. In addition, such a solution could add substantial value to derivative products in the non-fungible-token (NFT) domain. NFTs, which are a mechanism for providing ownership of provenance in digital art, including video, have seen a boom in popularity in recent months, particularly in Sports.

BVS is currently discussing both investment and partnership with a number of leading blockchain technology providers and content rights holders to fund further productization and commercialization of BVS solutions.

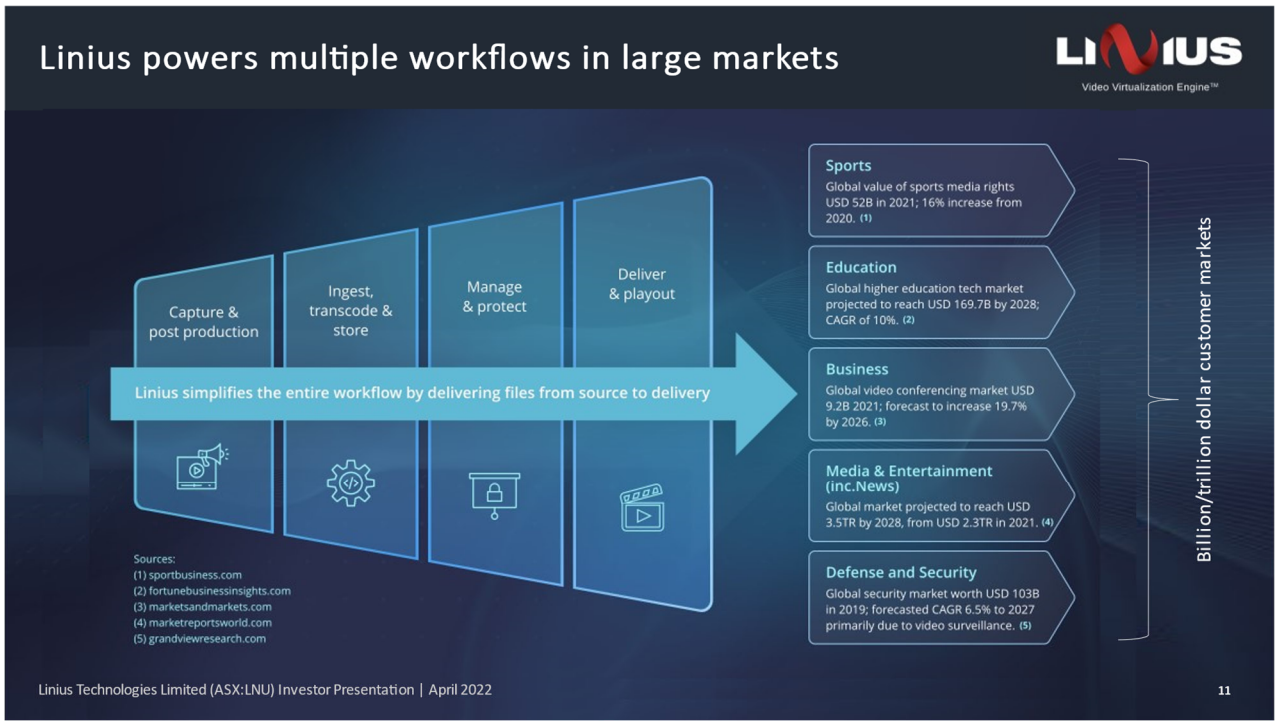
CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

5. Linius Video Services (LVS) provides the platform for future growth strategy

While the near-term focus for Linius is on commercialization of repeatable products, the long term strategy and larger market potential remains in the LVS Platform strategy. The current product and commercial strategies are the means to validate the power of the LVS platform and the potential for it to be used to power unique solutions in multiple other market segments.

All current Linius products, including Whizzard, MatchVision, and Linius Editorial are built on LVS. Our products use the same Application Programming Interfaces (APIs) that are publicly available and published to any partners or developers. As we have developed our products, we continue to enhance LVS with additional capabilities that make it a more robust, feature rich platform for future expansion.

LVS has the power to disrupt various parts of the video ecosystem from Capture through to Playout. The applications span numerous additional market segments including News, Media, Entertainment, Security, and Defence. In the future, Linius will evaluate additional markets for potential direct investment. As we look to enter new markets, we will evaluate whether we do so directly, in conjunction with partners, or through various licensing arrangements. LVS will be actively marketed to application developers, systems integrators, and OEM technology partners to develop and commercialize solutions in chosen markets. The goal is to enable scale by having most development and commercialization costs borne by third parties as they generate new revenues for Linius.



CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS CONTINUED

Closing

The past eleven months since my appointment at Linius have been some of the most exciting and rewarding of my career. I joined Linius knowing that great challenge and opportunity lie ahead. Whilst always striving to be better in all facets of life, and focusing on what remains to be done, it is important that we look back and recognise what we as a business accomplished over the past year. The business has achieved significant milestones over this period and laid the foundation for the future.

We have set Linius up for a breakout year of new customer acquisition and revenue growth. I have utmost confidence in our plan, products, and team, and know that we will have a lot to talk about and celebrate in the coming year. I am proud and grateful of the entire Linius team along with all they have done over the past year and can't wait to share with all of you the outcomes of the hard work from the past year.

I want to thank the Board for the opportunity to lead Linius through this critical transition phase. Your confidence and support are greatly appreciated. Finally, thank you to all our shareholders for your long-term and ongoing support of the business, your feedback and encouragement to me personally, and mostly your patience as we deliver on the promise and potential of your company.

James Brennan
CHIEF EXECUTIVE OFFICER
30 September 2022

DIRECTORS' REPORT

Your directors present this report on the Linius Technologies Limited (the "Company") and its controlled entities (the "Group" or "Group") for the year ended 30 June 2022.

Directors

The Directors in office during the year were:

Gerard Bongiorno (Non-Executive Chairman) transitioned from Executive to Non-Executive on 24 November 2021).

Stephen McGovern (Non-Executive Director)

John Wallace (Non-Executive Director)

Christopher Richardson (Executive Director & CEO) resigned as a director 30 November 2021, ceased CEO duties 24 November 2021.

James Brennan (Executive Director & CEO) appointed director 25 October 2021, commenced CEO duties 24 November 2021.

All Directors (other than noted above) have been in office since the start of the financial year to the date of this report.

Company Secretary

Giuseppe Rinarelli B.Acc, CA

Mr Rinarelli is the Group's CFO and company secretary. He is an experienced finance professional having worked within a chartered environment in excess of 10 years. Mr Rinarelli was appointed as company secretary on 3 June 2019.

Principal Activities

The principal activities of the entity are those of a technology business, including development of technology products, software development and the commercialisation and licencing of its computer software, the Linius Video Virtualization Engine™, the world's first video virtualisation engine. The technology transforms large inflexible video files into small highly flexible data structures.

Operating Results and Review of Operations

The loss for the year ended 30 June 2022 after income tax expense amounted to $8,999,225 (2021 loss: $6,127,504). This loss includes non-cash share based payments expense of $44,038 (2021: $203,932) and non-cash amortisation charges of $540,000 (2021: $540,000). During the year the Company proceeded with its commercialisation activities, expanded its management and operational teams to tackle global market opportunities and continued to develop and refine its core technology and product offerings. For more information on the years activities please refer to the above Chief Executive's Review of Operations on pages 5 to 14.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

Dividends Paid or Recommended

No dividends were paid or declared for payment.

Financial Position

The net assets of the Group at 30 June 2022 were $736,632 (2021: $3,450,753).

DIRECTORS' REPORT CONTINUED

Going Concern

For the year ended 30 June 2022, the Group had an operating net loss of $8,999,225 (30 June 2021: $6,127,504) and net cash outflows from operating activities of $7,857,592 (30 June 2021: $4,882,339).

The ability of the Group to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business. Further details on the going concern basis of preparation used to prepare the annual financial statements are set out in note 1 to the annual financial statements.

After Balance Date Events

Capital Raising

On 15 July 2022, the Company issued 35,000,000 shares to related parties as part of a $2 million placement of fully paid ordinary shares at $0.01 per share to professional and sophisticated investors (including directors and management) that was announced to ASX on 29 April 2022. The issue to related parties was approved by shareholders at a general meeting held on 17 June 2022 and $350,000 was received by the Company in connection with that issue subsequent to year-end.

On 29 July 2022 the Company announced to ASX that it had received firm commitments from professional and sophisticated investors (including directors and management) to raise $1,155,000 in additional capital, excluding transaction costs, via a placement of 231,000,000 shares at $0.005 per share, with the first 200,000,000 shares issued on 10 August 2022 to non-related parties and the balance expected to be issued to related parties by mid-October 2022 following shareholder approval received at a general meeting held on 16 September 2022.

Other than the matters noted above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

Environmental Issues

There are no environmental regulations or requirements that the Company is subject to.

DIRECTORS' REPORT CONTINUED

Information on Directors

Gerard Bongiorno	—	Non-Executive Chairman
Experience	—	Mr Bongiorno is Principal and Co-CEO of Sapient Capital Partners, a merchant banking operation and has over 30 years of professional experience in capital raisings and corporate advisory. Prior to forming Sapient (formerly Otway Capital), Gerard was Head of Property Funds Management at Challenger Financial Services Group (CFG) and was Group Special Projects Manager at Village Roadshow. Earlier in his career he worked at KPMG in insolvency and corporate finance. Gerard received his Bachelor's Degree in Economics and Accounting from Monash University and completed the Program for Management Development at Harvard Business School PMD75. Director since 21 February 2017.
Interest in Shares and Options at 30 June 2022	—	85,972,943 Ordinary shares (inclusive of 20,000,000 loan share options).
Loan shares accounted as options		20,000,000 loan shares options (included in the above).
Directorships held in other listed entities in the last 3 years	—	In the 3 years immediately before the end of the financial year, Gerard Bongiorno served as a director of the following listed companies: Dubber Corporation Limited (ASX:DUB) since July 2017

Stephen McGovern	—	Non-Executive Director
Experience	—	Mr McGovern is the CEO and Co-Founder of Dubber Corporation (ASX:DUB) and has over 25 years' experience in the fields of telecommunications, media sales, pay TV and regulatory sectors. Steve has been a senior executive of several established companies, both domestically and internationally, which have been primarily associated with new and emerging markets and have required a strong sales and solutions focus. These include pay TV, telecommunications de-regulation, internet service providers and media licensing, all of which maintain a strong sales and solutions focus, both domestically and internationally. Steve holds a Bachelor's Degree in Law (LL.B) from the University of Sheffield in the UK where he was also formerly a Sales Director of Sky Subscriber Services managing subscriber acquisition for Sky TV (now Sky UK). Between 1995 and 1998 Steve was an executive involved in the launch of the pay TV industry in Australia within the Galaxy/Austar/Foxtel network. Director since 18 April 2016.
Interest in Shares and Options at 30 June 2022	—	45,714,284 Ordinary shares
Directorships held in other listed entities in the last 3 years	—	In the 3 years immediately before the end of the financial year, Stephen McGovern served as a director of the following listed companies: Dubber Corporation Limited (ASX:DUB) since March 2015

DIRECTORS' REPORT CONTINUED

John Wallace	—	Non-Executive Director
Experience	—	Mr. Wallace is a media & entertainment executive with over 30 years of experience in the video industry. His career spans across broadcasting to video streaming, having a keen interest in technology. In 2007, Mr. Wallace became the President of NBCUniversal broadcast television stations, which is the company's largest broadcast division. He then served as the President of the company's operations and technology division in 2011. Mr. Wallace was named the President and Chief Operating Officer of Deluxe Entertainment in Los Angeles, California in 2015. The company is a global provider of digital services and technology solutions for content creation and delivery. At the end of 2019, Mr. Wallace retired from corporate management and has been remaining active in the M&E space via consulting engagements, primarily technology. He serves on the board of Avid Technology, Inc., a company that provides world class production technology to the video and audio sectors of the entertainment industry, as an independent director. NASDAQ: AVID. Mr. Wallace holds a Bachelor's Degree from Providence College and Master's Degree from Montclair State University. Director since 14 December 2020.
Interest in Shares and Options at 30 June 2022	—	Nil 12,000,000 shares 4,000,000 shares subject to vesting conditions
Directorships held in other listed entities in the last 3 years	—	In the 3 years immediately before the end of the financial year, John Wallace served as a director of the following listed companies: Avid Technology Inc. (NASDAQ:AVID) since May 2017
James Brennan	—	Executive Director and CEO
Experience	—	Mr Brennan is a highly analytical, data driven, process oriented senior executive with over 20 years' experience. He has an impressive track record of leading successful development & commercialisation of software/SaaS products for established and start-up businesses. He has deep expertise in video, unified communications and educational technology with a reputation for growing recurring revenues and unlocking the latent potential of products and businesses. He has a unique blend of sales, marketing, product management, and finance experience and is known for his commitment to building great teams and culture. Prior to joining Linius, James led teams and regions at Integrated Research (ASX:IRI), Kaltura, BlueJeans Network and Polycom, through transformative growth phases. While at IR, he launched their first SaaS solutions, supporting Microsoft Teams, Zoom, and Webex, which significantly grew its user base and ARR. During his time at Kaltura, he led its first major investment/team in Australasia and helped launch Kaltura's enterprise market entry. In his role as MD, Asia Pacific at cloud-based video conferencing provider BlueJeans Network, James transformed what was a stagnating post-start up business into an award winning, sustainable high-growth market leader. Mr. Brennan holds a Bachelor's of Science Degree in Finance from the Pennsylvania State University and Master's in Business Administration Degree from the University of Southern California.

DIRECTORS' REPORT CONTINUED

James Brennan
(continued)

	Director since 25 October 2021.
Interest in Shares and Options at 30 June 2022	Nil 3,000,000 shares
Directorships held in other listed entities in the last 3 years	Nil

Christopher Richardson — Executive Director and CEO

Experience — Mr Richardson is an experience executive in the internet space with global technology-sector experience. He has over 20 years' experience building organisations and products that succeed in their markets and provide exceptional shareholder value.

Currently, Mr Richardson sits on the board of directors of:

- Mirovoy Sales, a sales software automation company based in Prague, CZ

Previously, Mr Richardson served as global General Manager of KIT digital's network-operator division, and CEO of KIT Germany, where he oversaw growth of video platform sales to network operators from $12 million US annually to over $100 million US, prior to KIT's acquisition by Piksel, Inc. Before KIT digital, Mr Richardson served in executive roles in marketing and product-management for several Silicon Valley start-ups, including NextHop Technologies (an embedded routing software company; acquired by Greenhills software), which he co-founded and raised Series A funding from tier-1 Silicon Valley VCs, led by New Enterprise Associates.

Prior to founding NextHop technologies, Mr Richardson was a software engineer at MERIT Networks, where he helped build the early internet, developing routing protocols, and consulting with developing countries around the world on deploying the Internet; lecturing multiple times at ISOC's Developing Countries workshops in Geneva, Switzerland, and being the first non-native speaker at Russia's All Russia Telematiks conference. Mr Richardson was Visiting Professor of Internet Routing at St. Petersburg State Technical University in St. Petersburg, Russia. He studied mathematics and philosophy at the University of Michigan, where he won the William S. Branstrom Prize for academic excellence and Evelyn O. Bychinsky Award for excellence in mathematics.

	Director since 18 April 2016. Resigned 30 November 2021
Interest in Shares and Options at 30 June 2022	Nil
Directorships held in other listed entities in the last 3 years	Nil

DIRECTORS' REPORT CONTINUED

REMUNERATION REPORT - AUDITED

The information provided in the audited remuneration report includes remuneration disclosures that are required under the Corporations Act 2001 and other relevant requirements. These disclosures have been audited.

Key management personnel

Names and positions held of Group key management personnel (KMP) in office at any time during the year are:

Key Management Person	Position
Gerard Bongiorno	Non-Executive Chairman
Stephen McGovern	Non-Executive Director
Christopher Richardson	Executive Director and CEO (resigned 30 November 2021)
John Wallace	Non-Executive Director
James Brennan	Executive Director and CEO (appointed 25 October 2021)
Giuseppe Rinarelli	CFO and Company Secretary

Principles used to determine the nature and amount of remuneration

The Board determines the appropriate nature and amount of remuneration. The board may receive advice from independent remuneration consultants to ensure remuneration levels are appropriate and in line with the market. No such advice was sought for the year ended 30 June 2022. The Board ensures that the executive reward satisfies the following criteria for good reward governance practice:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive remuneration to performance;
- transparency; and
- capital management.

The framework provides for a mix of fixed and variable remuneration. There was no target mix of fixed or variable remuneration set in the current year. The variable remuneration comprises share-based payment compensation and any discretionary performance bonus payment benefits.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the directors have regard to the following indices in respect of the current financial year and prior financial period.

	2022	2021
(Loss) attributable to owners of the company	($8,999,225)	($6,127,504)
Change in share price	($0.017)	$0.010
Closing share price	$0.005	$0.022

Profit/(loss) amounts have been calculated in accordance with the Australian Accounting Standards (AASBs).

The operating loss includes significant expenditures incurred on the continued development of the Group's proprietary software technology.

DIRECTORS' REPORT CONTINUED

Non-executive Directors and executive Director

Fees and payments to non-executive Directors and the executive Directors reflect the demands, which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board.

Directors' fees

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool limit currently stands at $300,000 per annum.

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the Group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group. There is currently no remuneration related to Group performance. The contracts for service between the Group and key management personnel are on a continuing basis, the terms of which are detailed below and are not expected to change in the immediate future.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in letters of appointment and/or service agreements. Details as at 30 June 2022 are as follows:

Name:	Gerard Bongiorno
Title:	Non-Executive Chairman
Agreement commenced:	21 February 2017
Term of agreement:	No fixed term
Details:	An annual director fee of $90,000 plus superannuation. The fee paid to Mr Bongiorno is subject to annual review by the Board. Under the terms of his agreement and as approved by shareholders at general meeting, the Company issued Mr Bongiorno with 20,000,000 loan share options in November 2017. The loan is interest-free and limited recourse in accordance with the loan terms and the LFSP rules. The LFSP rules require the loan to be repaid before a participant can sell their shares. The Company will reimburse Mr Bongiorno for all reasonable expenses incurred in performing his duties and will pay Mr Bongiorno additional fees where he is required to perform additional consulting tasks related to the commercialisation of the Linius technology. The agreement includes a non-competition clause.

Name:	Stephen McGovern
Title:	Non-Executive Director
Agreement commenced:	18 April 2016
Term of agreement:	No fixed term
Details:	An annual director fee of $90,000 plus superannuation. The fee paid to Mr McGovern is subject to annual review by the Board. The Company will reimburse Mr McGovern for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

DIRECTORS' REPORT CONTINUED

Name:	Christopher Richardson
Title:	Director and CEO
Agreement commenced:	1 December 2015
Term of agreement:	No fixed term
Details:	An annual consultancy fee of $271,200, payable at the rate of $22,600 per month (exclusive of any GST or withholding taxes). The consultancy fee will be reviewed annually by the Board. The agreement can be terminated by the company on one months' notice or by Mr Richardson on three month's written notice. The Company will reimburse Mr Richardson for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause. Mr Richardson resigned as a director of the Company on 30 November 2021.

Name:	John Wallace
Title:	Non-Executive Director
Agreement commenced:	14 December 2020
Term of agreement:	No fixed term
Details:	As per the employment contract, the company proposes to issue 6,000,000 fully paid ordinary shares in the company, vesting over a three year period in instalments of 2,000,000 shares, of which 2,000,000 have been issued during the period. The Company will reimburse Mr Wallace for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

Name:	James Brennan
Title:	Director and CEO
Agreement commenced:	25 October 2021
Term of agreement:	No fixed term
Details:	An annual salary of $330,000 plus superannuation. Under the terms of the contract, the Company will grant 3,000,000 shares subject to the continued employment of Mr Brennan to 30 June 2022 and up to 37,000,000 shares in performance shares subject to the achievement of revenue metrics. The agreement can be terminated by either party on six month's written notice. The Company will reimburse Mr Brennan for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

Name:	Giuseppe Rinarelli
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	29 May 2019
Term of agreement:	No fixed term
Details:	An annual salary of $160,000 plus superannuation and $180,000 plus superannuation effective 1 January 2022. Under the terms of the contract, the Company granted Mr Rinarelli 1,500,000 Options in May 2019. The Company has also granted Mr Rinarelli 949,000 options in the 2020 financial year. The agreement can be terminated by either party on one month's written notice. The Company will reimburse Mr Rinarelli for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

DIRECTORS' REPORT CONTINUED

Key Management Personnel Remuneration

Details of the nature and amounts of each major element of remuneration of each director of the Company and other key management personnel of the Group are:

2022

	Directors' fees & consultancy fees[4]	Superannuation payments	Share-based payments[5]	Total[6]	Share-based
	$	$	$	$	%
Non-executive directors:					
Stephen McGovern	89,386[2]	8,939	-	98,325	-
John Wallace	-	-	(39,111)	(39,111)	-
Gerard Bongiorno	156,586[1]	8,959	-	165,545	-
Executive directors:					
Christopher Richardson	55,000[3]	-	-	55,000	-
James Brennan	207,796	15,169	66,000	288,965	23
Executives:					
Giuseppe Rinarelli	182,135	17,000	3,667	202,802	2
	690,903	50,067	30,556	771,526	4

2021

Non-executive directors:					
Stephen McGovern	86,048[2]	8,175	-	94,223	-
John Wallace	-	-	141,167	141,167	100
Executive directors:					
Christopher Richardson	145,000[3]	-	-	145,000	-
Gerard Bongiorno	154,231[1]	8,192	-	162,423	-
Executives:					
Giuseppe Rinarelli	135,020	12,144	11,889	159,053	5.8
	520,299	28,511	153,056	701,866	22%

1. Director and consultancy fees were paid to Otway Capital Consulting, a related party of Gerard Bongiorno.

2. Director fees were paid to SMG Nominees Pty Ltd, a related party of Stephen McGovern.

3. Director fees were paid to Mirovoy Sales, s.r.o. , a related party of Christopher Richardson.

4. Includes leave accruals calculated in accordance with AASB 119 Employee benefits.

5. The fair value of the share based payments is calculated at the date of grant of the option or loan share options using the binomial pricing model (for employees) and Black-Scholes option valuation model (for consultants) and allocated to each reporting period based on forecast estimated vesting dates. The fair value of ordinary shares granted is the share price at grant date. The value disclosed is the portion of the fair value recognised as an expense in each reporting period.

6. No performance related benefits have been provided during the period.

DIRECTORS' REPORT CONTINUED

Performance income as a proportion of total remuneration

Executive directors and executives were not paid performance based bonuses.

Equity instruments granted as compensation

Details on equity instruments that were granted as compensation to each key management person during the year and details on equity instruments vested during the year are as follows:

The loan share options granted are the amounts approved by way of shareholder resolution at the Company's Annual General Meeting on 28 November 2017, no further loan share options were approved or issued.

2022	Number of shares granted	Grant date	Fair value per share at grant date $	Exercise price $	Value of loans granted under the share terms	Expiry date	Total number of shares vested at 30 June 2022
Gerard Bongiorno	20,000,000	28 Nov 2017	0.026	0.05	$1,000,000	30 Nov 2022	20,000,000

During the year the following shares were approved by shareholders.

2022	Number of shares granted	Grant date	Fair value per share at grant date $	Exercise price $	Expiry date	Total number of shares vested at 30 June 2022
John Wallace	6,000,000	30 Nov 2021	0.022	0.00	n/a	2,000,000
James Brennan	3,000,000	30 Nov 2021	0.022	0.00	n/a	3,000,000

The grant date for the shares provided to align to the date shareholders approved the issue of remuneration shares to Mr Brennan and Mr Wallace.

DIRECTORS' REPORT CONTINUED

Details of equity incentives affecting current and future remuneration

Details of the vesting profiles of the equity incentives held by each key management person of the Group are detailed below.

	Instrument	Number of shares or options	Grant date	% vested during the year	% forfeited in year	Financial years in which grant vests
Gerard Bongiorno	Loan share options	20,000,000	28 Nov 2017	-	-	2018-20
Giuseppe Rinarelli	Options	1,500,000	29 May 2019	33%	-	2020-2022
Giuseppe Rinarelli	Options	949,000	31 March 2020	-	-	2021
John Wallace	Shares	6,000,000	30 Nov 2021	33%	-	2021-2024
James Brennan	Shares	3,000,000	30 Nov 2021	100%	-	2022
James Brennan	Shares	7,000,000	30 Nov 2021	-	100%	2022
James Brennan	Shares	10,000,000	30 Nov 2021	-	-	2022-2023
James Brennan	Shares	20,000,000	30 Nov 2021	-	-	2023-2024

The loan share options are accounted for as options. There are three tranches and amounts are allocated to remuneration over the vesting period for each tranche (i.e. November 2017 to November 2019).

Analysis of movements in equity instruments

The value of options and loan share options in the Company granted to and exercised by each key management person during the year is nil.

DIRECTORS' REPORT CONTINUED

Options over equity instruments

The movement during the reporting period, by number of options over ordinary shares in Linius Technologies Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance 1.7.2021	Granted/purchased during the year	Lapsed or exercised during the year	Held at 30.6.2022	Vested during the year	Total Vested and Exercisable 30.6.2022
Giuseppe Rinarelli	2,449,000	-	-	2,449,000	500,000	2,449,000
Total	2,449,000	-	-	2,449,000	500,000	2,449,000

All options expire on the earlier of their expiry date or termination of the individual's employment.

Exercise of options granted as compensation

During the period, no options were exercised.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Linius Technology Limited, held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance 30.6.2021	Received as Compensation	Acquired during the year	Balance 30.6.2022
Gerard Bongiorno	55,972,943	-	10,000,000	65,972,943
Stephen McGovern	45,714,284	-	-	45,714,284
John Wallace	-	2,000,000	10,000,000	12,000,000
James Brennan	-	-	-	-
Giuseppe Rinarelli	1,633,111	-	1,045,460	2,678,571
Total	103,320,338	2,000,000	21,045,460	126,365,798

Number of Loan Share options and ordinary shares held by Key Management Personnel

	Balance 1.7.2021	Received as Compensation	Balance at 30.6.2022	Vested at 30.6.2022	Not vested at 30.6.2022
Gerard Bongiorno – loan share options	20,000,000	-	20,000,000	20,000,000	-
John Wallace - shares	6,000,000	-	6,000,000	2,000,000	4,000,000
James Brennan – shares	-	3,000,000	3,000,000	3,000,000	-
Total	26,000,000	3,000,000	29,000,000	25,000,000	4,000,000

DIRECTORS' REPORT CONTINUED

Key management personnel transactions	Group	
	2022	2021
	$	$
Transactions with related parties:		
Advisory fees paid to Otway Capital Consulting a consulting firm in which Gerard Bongiorno has an interest; disclosed as remuneration	67,000	68,000
Amounts owing to related parties (included in trade and other payables)		
Entity related to Gerard Bongiorno	3,300	6,600
Entity related to Christopher Richardson	-	11,000
James Brennan	2,480	-

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

END OF REMUNERATION REPORT

DIRECTORS' REPORT CONTINUED

Meetings of Directors

During the financial year, ten meetings of Directors were held. Attendance by each director was as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gerard Bongiorno	10	10
Stephen McGovern	10	9
Christopher Richardson	7	7
John Wallace	4	4
James Brennan	10	9

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Group. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Options

At the date of this report, the unissued ordinary shares of Linius Technologies Limited under option are as follows:

Date of Expiry		Exercise Price	Number Under Option
31/12/2022	unlisted	6 cents	4,437,500
29/05/2023	unlisted	3.53 cents	1,500,000
3/06/2023	unlisted	3.59 cents	300,000
1/07/2023	unlisted	4.42 cents	200,000
8/08/2023	unlisted	4.47 cents	195,000
2/09/2023	unlisted	3.37 cents	195,000
22/10/2023	unlisted	4.07 cents	75,000
30/03/2024	unlisted	1.19 cents	780,000
30/09/2022	unlisted	4.95 cents	2,000,000
31/03/2024	unlisted	1 cent	14,494,653
4/05/2024	unlisted	1.65 cents	3,000,000
8/10/2024	unlisted	4.42 cents	500,000
16/09/2022	unlisted	2 cents	200,000
1/10/2023	unlisted	4.2 cents	5,000,000
4/10/2025	unlisted	3 cents	2,200,000
11/08/2023	unlisted	2.93 cents	25,000,000
30/06/2025	unlisted	2.5 cents	500,000
17/06/2025	unlisted	1.5 cents	3,000,000
30/06/2026	Unlisted	0.7 cents	7,000,000
			70,577,153

DIRECTORS' REPORT CONTINUED

During the year ended 30 June 2022, 3,294,592 ordinary shares of Linius Technologies Limited were issued on the exercise of options granted.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 31 and forms part of the directors' report for the financial year ended 30 June 2022.

Non-Audit Services

During the year, KPMG, the Group's auditor, has not performed any other services in addition to the audit and review of the financial statements.
Details of the amounts paid to the auditors of the Group, KPMG, and its network firms for audit service provided during the year is set out below

In dollars	**2022**
	$
Audit and review of financial statements	87,900
Services other than audit and review of financial statements	Nil
Total paid to KPMG	87,900

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

DIRECTORS' REPORT CONTINUED

Future Developments

Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

Corporate Governance statement

The Company's Corporate Governance Statement has been lodged with ASX and is available from Company's website at www.linius.com/corporate-governance/.

Signed in accordance with a resolution of the Board of Directors.

Gerard Bongiorno
Non-Executive Chairman and Director

30 September 2022
Melbourne

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Linius Technologies Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Linius Technologies Limited for the financial year ended 30 June 2022 there here have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Dana Bentley
Partner

Melbourne

30 September 2022

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2022

	Note	Group	
		2022 $	2021 $
Revenue	2	250,749	109,073
Other income	2	481,405	-
Amortisation expense	10	(540,000)	(540,000)
Depreciation expense		(28,725)	(23,102)
Consultant expenses		(605,319)	(394,079)
Director remuneration (excluding share-based payment) expenses		(465,884)	(333,646)
Employee benefit expenses		(3,268,360)	(2,025,395)
Redundancy expense		(42,308)	-
Impairment loss on trade receivables		-	(14,534)
Share-based payments expense	21	(44,038)	(203,932)
Finance expense	3	(114,349)	(5,366)
Compliance expenses		(270,148)	(200,136)
Software development expenses		(3,060,825)	(1,717,995)
Marketing and promotional expenses		(447,781)	(208,233)
Patent costs		(118,382)	(75,295)
Legal expenses		(108,300)	(48,160)
Travel and accommodation expenses		(60,232)	(5,239)
Other expenses	3	(556,728)	(441,465)
Loss before income tax		(8,999,225)	(6,127,504)
Income tax expense	4	-	-
Loss for the year		(8,999,225)	(6,127,504)
Other comprehensive loss		-	-
Total comprehensive loss for the year		(8,999,225)	(6,127,504)
Basic loss per share (cents per share)	7	(0.52)	(0.42)
Diluted loss per share (cents per share)	7	(0.52)	(0.42)

The accompanying notes form part of the financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Group	
		2022	2021
		$	$
CURRENT ASSETS			
Cash and cash equivalents	8	963,482	1,594,108
Trade and other receivables	9	389,585	120,933
TOTAL CURRENT ASSETS		1,353,067	1,715,041
NON-CURRENT ASSETS			
Right of use asset		59,028	-
Intellectual property	10	1,845,000	2,385,000
Property, plant and equipment		8,589	25,509
TOTAL NON-CURRENT ASSETS		1,912,617	2,410,509
TOTAL ASSETS		3,265,684	4,125,550
CURRENT LIABILITIES			
Trade and other payables	11	1,062,810	591,624
Employee provisions	12	160,322	83,173
Lease liability		50,000	-
TOTAL CURRENT LIABILITIES		1,273,132	674,797
NON-CURRENT LIABILITIES			
Lease liability		12,500	-
Financial liabilities	13	1,243,420	-
TOTAL NON-CURRENT LIABILITIES		1,255,920	674,797
TOTAL LIABILITIES		2,529,052	674,797
NET ASSETS		736,632	3,450,753
EQUITY			
Issued capital	14	49,869,362	43,834,296
Share based payments reserve		5,680,831	5,430,793
Accumulated losses		(54,813,561)	(45,814,336)
TOTAL EQUITY		736,632	3,450,753

The accompanying notes form part of the financial report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

Group	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	$	$	$	$
Balance 1 July 2020	38,908,990	5,161,861	(39,686,832)	4,384,019
Total comprehensive loss:				
Loss for the year	-	-	(6,127,504)	(6,127,504)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(6,127,504)	(6,127,504)
Transactions with owners of the Company:				
Shares and options issued during the year (net of capital raising costs)	4,925,306	-	-	4,925,306
Share-based payments	-	268,932	-	268,932
Total transactions with owners of the Company	4,925,306	268,932	-	5,194,238
Balance at 30 June 2021	43,834,296	5,430,793	(45,814,336)	3,450,753
Balance 1 July 2021	43,834,296	5,430,793	(45,814,336)	3,450,753
Total comprehensive loss:				
Loss for the year	-	-	(8,999,225)	(8,999,225)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(8,999,225)	(8,999,225)
Transactions with owners of the Company:				
Shares and options issued during the year (net of capital raising costs)	6,035,066	-	-	6,035,066
Share-based payments	-	250,038	-	250,038
Total transactions with owners of the Company	6,035,066	250,038	-	6,285,104
Balance at 30 June 2022	49,869,362	5,680,831	(54,813,561)	736,632

The accompanying notes form part of the financial report

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Group 2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		273,276	130,375
Payments to suppliers		(8,397,393)	(5,013,594)
Other income received (government grant)		266,525	-
Interest received		-	880
Net cash used in operating activities	15	(7,857,592)	(4,882,339)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		-	(3,453)
Net cash provided by /(used in) investing activities		-	(3,453)
CASH FLOWS FROM FINANCING ACTIVITIES			
Insurance premium funding payments	11	(124,635)	(107,435)
Principal elements of lease liability		(8,333)	-
Proceeds from issue of shares and options		5,664,910	5,250,000
Capital raising costs paid		(295,976)	(259,694)
Proceeds from external borrowings or convertible notes	13	1,991,000	-
Net cash inflows from financing activities		7,226,966	4,882,871
Net increase/(decrease) in cash held		(630,626)	(2,921)
Cash at beginning of financial year		1,594,108	1,597,029
Cash at end of financial year	8	963,482	1,594,108

The accompanying notes form part of the financial report

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements comprise the financial report and notes of Linius Technologies Limited (the "Company") and its controlled entities (the "Group"), a listed Australian company incorporated in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity, involved in the development of technology products, software development and the commercialisation and licencing of computer software.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial report and notes also comply with International Financial Reporting Standards adopted by the International Accounting Standards Board. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report was authorised for issue by the Board of Directors on 30 September 2022.

Reverse Acquisition Accounting

The acquisition of Linius (Aust) Pty Ltd by the Company, in the period ended 30 June 2016, is considered to be a reverse acquisition under Australian Accounting Standards, notwithstanding Linius Technologies Limited ("the Company") being the legal parent of the Group. Consequently, the financial information presented in this Report is the financial information of Linius (Aust) Pty Ltd.

The legal structure of the Group subsequent to the acquisition of Linius (Aust) Pty Ltd is that the Company will remain as the legal parent entity. However, the principles of reverse acquisition accounting are applicable where the owners of the acquired entity (in this case, Linius (Aust) Pty Ltd) obtain control of the acquiring entity (in this case, the Company) as a result of the businesses' combination.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (the Company) but are a continuation of the financial statements of the legal subsidiary (Linius (Aust) Pty Ltd), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern

For the year ended 30 June 2022, the Group incurred an operating net loss of $8,999,225 (2021: $6,127,504) and net cash outflows from operating activities of $7,857,592 (2021: $4,882,339).

The ability of the Group to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business for a period of at least twelve months from the date of approval of these annual financial statements.

In determining that the going concern assumption is appropriate, the directors have had regard to:

- projected cash outflows, which are expected to continue for a period of at least twelve months from the date of approval of these financial statements;
- confidence in achieving expected sales through the Group's commercialisation activities;
- prudent management of costs as required including the ability to control expenditures in line with cash resources available;
- being able to raise additional capital funds through conducting a capital raising to enable the continuation of the development and commercialisation activities as planned; and
- the Directors have prepared cash flow projections for the period from 1 July 2022 until 30 September 2023 that support the Group's ability to continue as a going concern. These cashflow projections assume the Group's ability to control expenditures to the level of funding available in addition to raising additional capital in order to maintain positive cash flows.

The Directors note that subsequent to balance date, the Group completed a capital raise of $1,155,000, excluding transaction costs. Of this amount, $155,000 is subject to shareholder approval, which was received 16 September 2022. In addition to the above the Group has the capacity to raise additional capital, such capital provides the Group with sufficient funding to meet its planned development and commercialisation activities for the period of the cashflow projections.

The Group's ability to continue to operate as a going concern is dependent upon the items listed above, the achievement of which is uncertain at the date of approval of these financial statements. These conditions give rise to a material uncertainty as to whether the Group will be able to continue as a going concern and, should the Group be unable to continue as a going concern it may be required to realise assets at an amount different to that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Income Tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial report. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Financial Instruments

(i) Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. There were no financial assets at FVTPL during or at year end.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses are recognized in profit or loss any gain or loss on derecognition is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. There were no debt investments at FVOCI during or at year end.

Equity investments at FVOCI

These asset are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. There were no equity investments at FVOCI during or at year end.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) Impairment testing of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets of CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds it recoverable amount.

Impairment loss is recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rate basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only when to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(f) Revenue and Other Income

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The below provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Revenue and Other Income (continued)

Services rendered

Nature and timing of satisfaction of performance obligations, including significant payment terms

The Group derives its revenue primarily from 'software-as-a-service' subscriptions, where customers subscribe to access the platform and associated support services. Invoices for providing software-as-a-service and related support revenue are issued on a monthly basis and are usually payable within 30 days.

Revenue recognition under AASB 15

Services are both distinct and capable of being distinct in the context of the contract, representing a series of recurring services that the Group stands ready to perform over the contract term. Revenue is typically recognised on services over time as a series of services performed over the contract term.

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Comparative Figures

Where required by Accounting standards, comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

(j) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The Group has considered the impact of COVID-19 and associated market volatility in preparing its financial statements. The impact of COVID-19 has resulted in the application of further judgement in the areas in which significant judgement already occurs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Critical Accounting Estimates and Judgments (continued)

Given the dynamic and evolving nature of COVID-19 and based on impacts to date, COVID-19 has been considered in respect of impairment as noted below.

Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amount of the Group's intangible assets incorporate a number of key estimates.

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is typically determined using a binomial option pricing model.

Convertible notes

The Company determines the fair value of the liability component of the compound financial instruments with reference to the fair value of a similar stand-alone debt instrument (including any embedded non-equity derivatives). In determining the appropriate range of discount rate to use, the Company uses three techniques commonly observed in the industry such as residual debt method using Black-Scholes model, benchmarking to comparable bond issuances and estimating the cost of borrowing.

(k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Linius Technologies Limited.

(l) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Expected credit loss is calculated in accounting policy as outlined in note 1(v) below.

Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other receivables (continued)

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(m) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(n) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earnings per share

Basic earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Foreign currency translation

Both the functional and presentation currency of Linius Technologies Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of any foreign subsidiary is translated into the presentation currency of Linius Technologies Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share-based payments

The Company has issued options and shares to directors and employees as part of their remuneration arrangements and has issued options and shares to third parties in consideration for acquisitions, settlement of loans, acquisition fees and for consultancy services received. The cost of these equity-settled transactions has been measured by reference to the fair value of the equity instruments granted, namely the market value of the Company's shares on the dates when agreements were reached to issue those shares. The grant-date fair value of equity settled share-based payments arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(s) Parent entity financial information

The financial information for the parent entity, Linius Technologies Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. The investment amounts are assessed for recoverability and an impairment is recorded where the recoverable amount is lower than cost. The recoverable amount is determined by taking into account the market capitalisation of the Group at balance date.

Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(iii) Receivables from subsidiaries

These receivables are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

(t) Plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Plant and equipment (continued)

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lovers unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful loves of the property, plant and equipment for current and comparative periods are as follows:

- IT equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(u) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI. The Group did not have any debt investment of FVOCI during and as at 30 June 2022; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment (continued)

Non-derivative financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(w) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Australian dollars that can be converted to ordinary shares at the option of the holder.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised

(x) Adoption of new and revised standards

Standards issued but not yet effective

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. The Group has not early adopted any standards during the current period in preparing these consolidated financial statements.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group's financial statements.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2: REVENUE

	Group	
	2022	2021
	$	$
Revenue for services rendered*	250,749	108,193
Other revenue:		
Government grant**	481,405	-
Interest received	-	880
Total revenue	732,154	109,073

* Income in advance amounting to $23,472 (2021: $nil) is included in trade and other payables.
**Government grants related to research and development claim amounting to $198,861 (2021: $nil) remains outstanding as at 30 June 2022 and form part of trade and other receivables.
During 2021, $100,000 was received in government grants as part of Covid-19 assistance. This amount has been recorded as a reduction in employee expenses.

NOTE 3: LOSS FOR THE YEAR

	Group	
	2022	2021
	$	$
Other expenses:		
Occupancy costs	73,212	21,849
Recruitment	250,572	187,531
Insurance	120,034	92,749
Others	112,910	139,336
Other expenses	556,728	441,465
Finance expense:		
Interest expense	7,833	5,366
Interest expense – convertible note facility – Note 13	106,516	-
Finance expense	114,349	5,366

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

NOTE 4: INCOME TAX EXPENSE

	Group	
	2022 $	2021 $
(a) Income tax expense		
Current tax benefit	(2,441,461)	(1,620,907)
Deferred tax – origination and reversal of temporary differences	(21,216)	8,076
Deferred tax assets not recognised	2,462,677	1,628,983
	-	-

(b) Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable on profit/loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating loss at 27.5%	(2,474,787)	(1,685,064)
Add / (Less)		
Tax effect of:		
Share based payments	12,110	56,081
Other non-allowable items	-	-
Unused tax losses and other balances not recognised as deferred assets	2,462,677	1,628,983
Income tax attributable to operating loss	-	-

(c) Unrecognised deferred tax assets		
Unused Australian tax losses for which no deferred tax asset has been recognised	12,418,178	9,976,717
Temporary differences not recognised	44,089	22,873
Total	12,462,267	9,999,590

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2022 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this current point in time. These benefits will only be obtained if:

i. The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. The Group continues to comply with conditions for deductibility imposed by law; and

iii. No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5: KEY MANAGEMENT PERSONNEL

The total of remuneration paid to KMP of the Group during the period are as follows:

	Group	
	2022 $	2021 $
Short-term employee benefits	740,970	548,810
Share-based payments	30,556	153,056
	771,526	701,866

NOTE 6: AUDITOR'S REMUNERATION

	Group	
	2022 $	2021 $
Remuneration of the auditor for services provide to the Group and the Parent during the year:		
Audit and review services	87,900	88,886
KPMG: auditing and reviewing of financial statements		
	87,900	88,886

NOTE 7: EARNINGS/LOSS PER SHARE

		Group	
		2022 $	2021 $
a.	Reconciliation of earnings to profit or loss		
	Loss used to calculate basic and diluted EPS	(8,999,225)	(6,127,504)
		No.	No.
b.	Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	1,731,553,977	1,460,313,973

Potential ordinary shares comprising 63,577,745 options (2021: 43,571,745) were excluded in the calculation of diluted EPS given they are antidilutive.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

NOTE 8: CASH AND CASH EQUIVALENTS

	Group	
	2022	2021
	$	$
Cash at bank	963,482	1,594,108

The effective interest rate on short-term bank deposits was varying between 0.07% to 0.1%.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	963,482	1,594,108

NOTE 9: TRADE AND OTHER RECEIVABLES

	Group	
	2022	2021
	$	$
CURRENT		
Accounts receivable	233,071	7,090
Prepaid expenses and other receivables	156,514	113,843
	389,585	120,933

Accounts receivable are shown net of impairment losses of $nil (2021: $14,534)

NOTE 10: INTELLECTUAL PROPERTY

The Group acquired the intellectual property associated with the Linius technology from an unrelated party in the financial period ended 30 June 2016. The intellectual property includes patents, copyright, confidential information and trademarks. In accordance with accounting standards and the Group accounting policies this asset is treated as having a finite life and is being amortised over 10 years.

	Group	
	2022	2021
	$	$
Intellectual property at cost	5,400,000	5,400,000
Accumulated amortisation	(3,555,000)	(3,015,000)
	1,845,000	2,385,000
Amortisation expense	540,000	540,000
	540,000	540,000

NOTE 10: INTELLECTUAL PROPERTY (CONTINUED)

The directors have assessed the value and useful life of the intellectual property at balance date.

The cost of the intellectual property was established upon the purchase of the intellectual property through a third party transaction during the financial period ended 30 June 2016. The value of the intellectual property was further validated through the reverse takeover process and capital raising undertaken by Linius Technologies Limited (Linius) in April/May 2016. During this process an independent report was commissioned, which gave the directors comfort that the intellectual property purchased was covered by valid patents, trademarks and copyright.

The directors note that the intellectual property is at an early stage in its commercial life, with the associated technology recently commencing commercialisation. The value and lifespan of the owned intellectual property continues to be enhanced by further patent registrations in new jurisdictions across the world and through continued development of the technology associated with the intellectual property.

The directors have currently assessed the useful life of the intellectual property as being 10 years. The directors consider that a 10 year useful life is reasonable and appropriate and have amortised the value of intellectual property at balance date on that basis.

Recoverability of the intellectual property

Notwithstanding the losses incurred by the Group, based on alternate positive factors such as the Group's market capitalisation, progress of its commercialisation activities and the technical capability of the underlying technology, there is insufficient evidence of indicators of impairment.

Whilst the intellectual property is accounted for as a definite life asset, the directors have assessed that the recoverable value of the intellectual property exceeds its carrying value at 30 June 2022 due to the following:

Market capitalisation approach

Since listing on ASX, the shares of Linius have traded in a ready market, supporting the value of the intellectual property asset. The assets of the Group at 30 June 2022 consist principally of cash of $963,482 and intellectual property, after amortisation, of $1,845,000. Net assets are $736,632.

Linius shares closed at a price of 0.5 cents per share on 30 June 2022. Total fully paid ordinary shares on issue at 30 June 2022 are 1,959,516,311. This gives a market capitalisation of Linius of $9,797,582. Given the development nature of the Group's operations, the directors believe that the recoverable amount of the intellectual property on the balance sheet at 30 June 2022 is supported by the market value of Linius.

Subsequent to year end the Group has raised additional share capital at $0.005 per share. Applying this price to the total number of shares after the capital raise of 2,251,366,312 implies a market capitalisation of $11,256,832 which is above the net assets of $736,632 at 30 June 2022.

Discounted cashflow approach

Management has also performed an alternative analysis to determine the recoverable amount of the CGU (being the Group as a whole at this stage of the Group's lifecycle), which was estimated based on the value in use of the Group, determined by discounting the future cash flows to be generated from the continuing use of the Group's intellectual property.

NOTE 10: INTELLECTUAL PROPERTY (CONTINUED)

- Cash flows were forecast for a five year period. The terminal value of the Group was based on the fifth year cash flow and a long-term growth rate of 2.5%, which is consistent with market assumptions of the long term growth target for Australia.
- Revenue was based on a staged pipeline of income being earned, which is anticipated to grow in FY23 and FY24 based on the number of customer take-on of the Linius technology. From 2024 to 2026 it is based on a compounded growth rate of 107%. Expenses are set based on the 2023 budget, increasing by anticipated growth required to the support the increase in revenue forecast.
- An after tax discount rate of 15% (pre-tax 18.47%) was applied in determining the recoverable amount of the Group. The discount rate was estimated based on an industry average weighted-average cost of capital and applying a premium to the industry average due to the Group being in its growth phase and the risks inherent in the cash flow forecast.

NOTE 11: TRADE AND OTHER PAYABLES

	Group	
	2022	2021
	$	$
Trade payables	691,511	394,165
Insurance premium funding**	136,895	104,281
Sundry payables and accrued expenses	234,404	93,178
	1,062,810	591,624

Reconciliation of movements of liabilities to cash flows arising from financing activities.

* Initial loan balance of $150,482 (2021: $129,322) was non cash as the insurance premium was paid directly by financier. During the year, $124,635 (2021: $107,435) was repaid. Nominal interest rate is 7.87% (2021: 8.79%) and this loan is repayable by March 2023.

NOTE 12: EMPLOYEE PROVISIONS

	Group	
	2022	2021
	$	$
CURRENT		
Provision for leave	118,014	83,173
Provision for redundancy	42,308	-
	160,322	83,173

NOTE 13: FINANCIAL LIABILITIES

	Group	
	2022	2021
	$	$
Convertible note facility	1,243,420	-
	1,243,420	-

In January 2022, the Company secured up to $3 million of funding by way of a convertible note issued to New Technology Capital Group, LLC (NTCG), a New York based investment fund.

Under the terms of the agreement, Linius issued an initial 18,800,000 Shares to NTCG, which will be 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 Linius equal to the value of these Shares determined using the issue price at the time of the payment. In the event that the subscription shares are not required to be issued because the convertible notes are not converted to equity, these shares are cancelled and returned to Linius per agreement in place. In addition, Linius has issued 8,000,000 Shares in satisfaction of a fee payable to NTCG.

In February 2022, following receipt of the first tranche of $2,000,000 excluding transaction costs of $9,000, a note with a face value of $2,120,000 maturing January 2024 was issued.

The note is convertible at NTCG's election into ordinary shares on the following terms: the issue price of the Subscription Shares will initially be equal to A$0.034 each, being a premium of 100% to the closing price of Linius shares on ASX on the last trading date prior to the announcement of this arrangement. Subject to a floor price of A$0.011 (Floor Price), the issue price will reset after 60 days to the average of the five daily volume-weighted average prices (VWAPs) selected by NTCG during the 20 consecutive trading days immediately prior to the date of NTCG's notice 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, Linius 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.

Linius 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.

In April 2022, the Company announced that by mutual agreement the Company and NTCG will not proceed with the $1,000,000 second tranche of the agreement.

By 30 June 2022, $400,000 of the tranche 1 notes had been converted into ordinary shares. (see note 14).

As the convertible note contains a conversion feature AASB 9 Financial Instruments requires the disaggregation of the equity and financial liability components. The full amount of A$2,120,000 is discounted back to present value using prevailing market interest rates for an equivalent loan, which is estimated at 12%. The fair value of the loan at 27 January 2022 is estimated at A$1,536,904. The difference is the amount that is recognised as equity. A total of A$106,516 represents the unwinding of the present value discount up to 30 June 2022 and is recognised in the statement of profit or loss and other comprehensive income under finance expense.

NOTE 14: ISSUED CAPITAL AND RESERVES

	Note	$ Group	Number (Legal parent)
Issued Capital			
2022			
Opening balance 1 July 2021		43,834,296	1,511,628,068
Issue of shares through private placement (net of costs)*		5,148,024	365,000,000
Issue of shares on conversion of options		32,946	3,294,592
Issue of shares as share based payments**		-	2,000,000
Issue of equity as part of subscription agreement^		454,096	26,800,000
Issue of shares on conversion of convertible note^		400,000	50,793,651
At reporting date		49,869,362	1,959,516,311

The Company has issued share capital amounting to 1,959,516,311 ordinary shares of no par value.

2021			
Opening balance 1 July 2020		38,908,990	1,310,329,369
Issue of shares through private placement (net of costs)*		4,925,306	201,298,699
At reporting date		43,834,296	1,511,628,068

*Net of $206,000 (2021: $65,000) of share based payment transaction costs and $295,976 (2021: $259,694) of other transaction costs.

**Net of $26,889 (2021: nil) of share based payments expense recorded in the profit or loss and share based payments reserve.

^ Refer to note 13 for details regarding the subscription agreement.

NOTE 14: ISSUED CAPITAL AND RESERVES (CONTINUED)

	Legal parent entity	
Ordinary shares	2022 No.	2021 No.
Opening balance	1,511,628,068	1,310,329,369
Fully paid shares issued during the year		
— July 2020 (issue of shares by private placement to directors)	-	22,727,270
— October 2020 (issue of shares by private placement)	-	171,071,429
— December 2020 (issue of shares by private placement to directors)	-	7,500,000
— July 2021 (issue of shares on conversion of options)	1,241,000	-
— August 2021 (issue of shares by private placement)	180,000,000	-
— August 2021 (issue of shares on conversion of options)	1,095,000	-
— November 2021 (issue of shares on conversion of options)	958,592	-
— December 2021 (issue of shares by private placement to directors)	20,000,000	-
— December 2021 (issue of shares as part of share based payment)	2,000,000	-
— February 2022 (issue of shares as part of subscription agreement)	26,800,000	-
— April 2022 (issue of shares as part of subscription agreement)	22,222,223	-
— May 2022 (issue of shares as part of subscription agreement)	28,571,428	-
— May 2022 (issue of shares by private placement)	165,000,000	-
At reporting date	1,959,516,311	1,511,628,068

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. All ordinary shares rank equally with regard to the Company's residual assets.

NOTE 14: ISSUED CAPITAL AND RESERVES (CONTINUED)

NATURE AND PURPOSE OF RESERVES

Share-Based Payments Reserve

This reserve is used to record the equity value of share based payment expenses incurred as consideration for employee and consultant services.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being an early stage technology company, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development of software, early stage business commercialisation initiatives and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2022 is as follows:

	Group	
	2022	2021
	$	$
Cash and cash equivalents	963,482	1,594,108
Trade and other receivables	389,585	120,933
Trade and other payables and other liabilities	(1,273,132)	(674,797)
Working capital position	79,935	1,040,244

NOTE 15: CASH FLOW INFORMATION

	Group	
	2022	2021
	$	$
Cash flows excluded from loss attributable to operating activities:		
Loss after income tax	(8,999,225)	(6,127,504)
Non cash items		
- Depreciation	28,725	23,102
- Amortisation	540,000	540,000
- Payment of exercise price of options	18,036	-
- Share-based payments expense	44,038	203,932
- Interest expense	106,516	-
Changes in assets and liabilities		
- Increase/(decrease) in provisions	77,149	29,366
- Increase/(decrease) in trade payables and accruals	595,821	444,287
- (Increase)/decrease in trade receivables and prepayments	(268,652)	4,478
Cash flows used in operating activities	(7,857,592)	(4,882,339)

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

NOTE 16: RELATED PARTY TRANSACTIONS

	Group	
	2022	2021
	$	$
(i) Transactions with key management personnel:		
Advisory fees paid to Otway Capital Consulting, a consulting firm in which Gerard Bongiorno has an interest; disclosed as remuneration	67,000	68,000
(ii) Amounts owing to key management personnel (included in trade and other payables):		
Entity related to Gerard Bongiorno	3,300	6,600
Entity related to Christopher Richardson	-	11,000
James Brennan	2,480	-

Refer to Note 19 for share based payment transactions.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 17: INTERESTS IN CONTROLLED ENTITIES

The parent company had the following controlled entities:

			% Held	
Name of the subsidiary	Place of incorporation	Class of shares	2022	2021
Linius (Aust) Pty Ltd	Australia	Ordinary	100%	100%
Linius Solutions Pty Ltd	Australia	Ordinary	100%	100%
Linius UK Ltd	UK	Ordinary	100%	100%
Linius Inc.	USA	Ordinary	100%	100%
Linius Blockchain Pty Ltd	Australia	Ordinary	100%	100%
Linius Blockchain Inc.	USA	Ordinary	100%	100%

NOTE 18: OPERATING SEGMENTS

Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

There is only one reportable segment, being the development of computer software.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the consolidated statement of financial position.

NOTE 19: COMMITMENTS

There are no material lease or other commitments as at balance date.

NOTE 20: CONTINGENCIES

There are no contingent assets or liabilities as at balance date.

NOTE 21: SHARE-BASED PAYMENTS

Share option and loan share schemes

Employee share option plan

An employee share option plan (ESOP) has been established by the Group, whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the Company to personnel of the Group. The options are issued for nil consideration and are granted in accordance with time based and/or performance targets established by the Board.

Loan funded share plan

A loan funded share plan (LFSP) has been established by the Group, pursuant to which, at the discretion of the Board, fully paid ordinary shares in the Company may be acquired by certain key personnel and Directors using financial assistance given by the Company. Participants will acquire or be issued loan funded shares at market value as at the grant date using a loan provided by the Company. The loan is interest-free and limited recourse in accordance with the loan terms and the LFSP rules. The LFSP rules require the loan to be repaid before a participant can sell their shares. The shares are granted in accordance with time based and/or performance targets established by the Board. The loan funded shares are accounted for as options and the fair value is recorded as an expense over the vesting period.

NOTE 21: SHARE-BASED PAYMENTS (CONTINUED)

Share options and loan share options (equity settled)

The key terms and conditions of share options and loan share options on issue are as follows; all options are to be settled by the physical delivery of shares.

Grant date	Number of instruments	Exercise price	Vesting conditions	Contractual life of options
Options granted to Employees:				
On 13-21 December 2018	4,437,500	6 cents	33% vesting in 6 months, 33% vesting in 18 months and 33% vesting in 30 months	4 years
On 3 June 2019	300,000	3.59 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 1 July 2019	200,000	4.42 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 8 August 2019	195,000	4.47 cents	25% vesting on each of 1st, 2nd, 3rd and 4th anniversary of employment date	4 years
On 2 September 2019	195,000	3.37 cents	25% vesting on each of 1st, 2nd, 3rd and 4th anniversary of employment date	4 years
On 22 October 2019	75,000	4.07 cents	25% vesting on each of 1st, 2nd, 3rd and 4th anniversary of employment date	4 years
On 30 March 2020	780,000	1.19 cents	25% vesting on each of 1st, 2nd, 3rd and 4th anniversary of employment date	4 years
On 31 March 2020	13,545,653	1 cent	100% vesting on 1st April 2021	4 years
On 9 October 2020	500,000	4.42 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 2 July 2021	2,200,000	2.93 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 18 February 2022	500,000	2.5 cents	100% vesting on 1 July 2022	3.4 years
	22,928,153			
Options granted to Key Management Personnel				
On 29 May 2019	1,500,000	3.53 cents	33% vesting on each of 1st, 2nd and 3rd anniversary of employment date	4 years
On 31 March 2020	949,000	1 cent	100% vesting on 1st April 2021	4 years
	2,449,000			

NOTE 21: SHARE-BASED PAYMENTS (CONTINUED)

Grant date	Number of instruments	Exercise price	Vesting conditions	Contractual life of options
Options granted to consultants:				
On 30 September 2019	2,000,000	4.95 cents	Vested on issue	3 years
On 14 April 2020	3,000,000	1.65 cents	Vested on issue	3 years
On 16 September 2020	200,000	2 cents	Vested on issue	2 years
On 18 September 2020	5,000,000	4.2 cents	Vested on issue	3 years
On 29 July 2021	25,000,000	3 cents	Vested on issue	3 years
On 17 June 2022	3,000,000	1.5 cents	Vested on issue	3 years
	38,200,000			
Loan share options and shares granted to key management personnel				
Loan share options - On 28 November 2017	20,000,000	5.0 cents	50% vesting on issue, 25% vesting in 12 months, 25% vesting in 24 months	5 years
Shares granted – subject to vesting condition.	4,000,000	0 cents	The shares will vest in equal instalments of 33% over 3 years.	n/a

Share based payments (equity settled) expense recognised in profit or loss

	2022 $	2021 $
Options		
Options issued to KMPs:		
- Giuseppe Rinarelli	3,667	11,889
Options issued under the ESOP	13,063	42,238
Options issued to consultants	206,419	73,638
Cost of options issued to consultants for capital raising services, applied against equity	(206,000)	(65,000)
	17,149	62,765
Shares		
Shares issued to KMPs:		
- Gerard Bongiorno – Loan funded shares	-	-
- John Wallace – right to acquire shares	(39,111)	141,167
- James Brennan– right to acquire shares	66,000	-
	44,038	203,932

NOTE 21: SHARE-BASED PAYMENTS (CONTINUED)

Reconciliation of outstanding share options and loan share options – equity settled

The number and weighted-average exercise prices of share options under the share option programmes were as follows:

Options on issue	*Number of options 2022*	*Weighted average exercise price 2022*	*Number of options 2021*	*Weighted average exercise price 2021*
Outstanding at 1 July	43,571,745	3.0 cents	44,022,625	3 cents
Options expired during the year	(7,400,000)	5.31 cents	(8,650,880)	2.5 cents
Options exercised during the year	(3,294,592)	1 cent	-	-
ESOP Options granted during the year	2,200,000	2.93 cents	3,000,000	3.42 cents
ESOP Options granted during the year	500,000	2.5 cents	200,000	2 cents
Options issued during the year	25,000,000	3 cents	5,000,000	4.2 cents
Options issued during the year	3,000,000	1.5 cents	-	
Outstanding at 30 June	63,577,153	2.8 cents	43,571,745	3.0 cents
Exercisable at 30 June	60,487,153	2.8 cents	35,974,245	2.7 cents

*Loan share options on issue**	*Number of loan share options 2022*	*Weighted average price 2022*	*Number of loan share options 2021*	*Weighted average price 2021*
Outstanding at 1 July	20,000,000	5.0 cents	20,000,000	5.0 cents
Loan share options granted during the year	-	-	-	-
Outstanding at 30 June	20,000,000	5.0 cents	20,000,000	5.0 cents
Vested at 30 June	20,000,000	5.0 cents	20,000,000	5.0 cents

* Loan share options are accounted for as options in the financial accounts.

NOTE 21: SHARE-BASED PAYMENTS (CONTINUED)

The fair value of the equity-settled share options granted in the current year is estimated as at the date of grant using an independent valuation, which is based on the binomial model (for employees) and Black-Scholes option valuation model (for consultants), which considers the terms and conditions upon which the options were granted:

30 June 2022	2,200,000 Unlisted ESOP options	25,000,000 Unlisted options	500,000 Unlisted ESOP options	3,000,000 Unlisted options
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	70%	70%	70%	70%
Risk-free interest rate (%)	0.62%	0.35%	1.64%	3.735%
Expected life of option (years)	4	2	3.4	3
Exercise price (cents)	$0.0293	$0.03	$0.025	$0.015
Grant date share price	$0.022	$0.025	$0.018	$0.005
Grant date fair value	$0.010	$0.008	$0.007	$0.002
Grant date	2 July 2021	29 July 2021	18 Feb 2022	17 June 2022

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

NOTE 22: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks. The main purpose of non-derivative financial instruments is to raise finance for Group operations. The Group does not speculate in the trading of derivative instruments.

i. Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis.

ii. Financial Risk Exposures and Management

Interest rate risk

At the reporting date, the Group's fixed rate instruments comprise financial liabilities. The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss. The Group's exposure to financial risk is limited to interest rate risk arising from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings is 0.1% at 30 June 2022 (2021: 0.6%). All other assets and liabilities are non-interest bearing.

Interest rate sensitivity

Had the interest rate moved by 10 basis points with all other variables held constant, the post tax loss and equity would have decreased / increased by $963 (2021: $1,594).

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitors the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. The financial liabilities of the Group are confined to trade and other payables, financial liabilities, and the lease liability which have a contractual due date of less than two months. The Board manages liquidity risk by monitoring forecast cash flows against actual liquidity level on a regular basis.

There are no unused borrowing facilities from any financial institution.

Credit risk

There are no material amounts of collateral held as security at balance date. Credit risk is reviewed regularly by the Board. It arises through deposits with financial institutions. The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties. Only banks and financial institutions with an 'A' rating are utilised.

The Group only invests in listed available-for-sale financial assets that have a minimum 'A' credit rating. Unlisted available-for-sale financial assets are not rated by external credit agencies. These are reviewed regularly by the Group to ensure that credit exposure is minimised.

The credit risk for counterparties included in trade and other receivables at balance date is low.

The Group holds cash deposits with Australian banking financial institutions, namely the National Australia Bank (NAB). The NAB has an AA rating with Standard & Poors.

Price risk

The Group is not exposed to commodity price risk.

Foreign currency risk

The Group makes payments in GBP in respect of employees and consultants based in the UK. Funds transferred from Australia are at spot rates and there are no hedges in place.

b. Financial Instruments

i. Derivative Financial Instruments

Derivative financial instruments are not used by the Group.

ii. Financial instrument composition and liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and excluded contractual interest payments.

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2022	Carrying amount $	1-12 months $	13-24 months $
Non-derivative financial liabilities			
Trade and other payables	925,915	925,915	-
Insurance premium funding	136,895	136,895	-
Lease liability	62,500	50,000	12,500
Financial liabilities	1,243,420	-	1,243,420
Total Financial Liabilities	2,368,730	1,112,810	1,255,920

30 June 2021			
Non-derivative financial liabilities			
Trade and other payables	487,343	487,343	-
Insurance premium funding	104,281	104,281	-
Total Financial Liabilities	591,624	591,624	-

iii. Net Fair Values

Financial assets (cash and other receivables) and financial liabilities (trade and other payables, lease liability and financial liabilities are carried at amortised cost which approximates their fair values.

NOTE 23: EVENTS AFTER THE REPORTING PERIOD

Capital raising

On 15 July 2022, the Company issued 35,000,000 shares to related parties as part of a $2 million placement of fully paid ordinary shares at $0.01 per share to professional and sophisticated investors (including directors and management) that was announced to ASX on 29 April 2022. The issue to related parties was approved by shareholders at a general meeting held on 17 June 2022 and $350,000 was received by the Company in connection with that issue subsequent to year-end.

On 29 July 2022 the Company announced to ASX that it had received firm commitments from professional and sophisticated investors (including directors and management) to raise $1,155,000 in additional capital, excluding transaction costs, via a placement of 231,000,000 shares at $0.005 per share, with the first 200,000,000 shares issued on 10 August 2022 to non-related parties and the balance expected to be issued to related parties by mid-October 2022 following shareholder approval received at a general meeting held on 16 September 2022.

Other than the matters noted above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

NOTE 24: PARENT ENTITY DISCLOSURES

The following information is related to the legal parent entity Linius Technologies Limited as at 30 June 2022:

Financial position	2022 $	2021 $
Assets		
Current assets	994,841	1,624,728
Non-current assets	10,325,692	18,396,065
Total assets	11,320,533	20,020,793
Liabilities		
Current liabilities	262,030	194,510
Non-current liabilities	1,260,920	-
Total liabilities	1,522,950	-
Equity		
Issued capital	65,510,317	59,475,250
Option premium reserve	36,462	36,462
Share based payments reserve	5,680,831	5,430,793
Accumulated losses	(61,430,027)	(45,116,222)
Total equity	9,797,583	19,826,283

Financial performance	2022 $	2021 $
Loss for the year	16,313,805	1,091,906
Total comprehensive loss	16,313,805	1,091,906

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. The investment amounts are assessed for recoverability and an impairment is recorded where the recoverable amount is lower than cost. The recoverable amount is determined by taking into account the market capitalisation of the Group at balance date.
Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Receivables from subsidiaries
These receivables are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

For details on commitments, see Note 19.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Linius Technologies Limited ("the Company"):

   (a) the consolidated financial statements and notes that are set out on pages 32 to 69 and the Remuneration report on pages 20 to 27 in the Directors' report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2022.

The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors.

Gerard Bongiorno
Non-Executive Chairman and Director
30 September 2022

KPMG

Independent Auditor's Report

To the shareholders of Linius Technologies Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Linius Technologies Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

KPMG

Material uncertainty related to going concern

We draw attention to Note 1, "Going Concern" in the financial report. The conditions disclosed in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. This included:

- Analysing the cash flow projections by:
  - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices;
  - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the Group, its industry and financial position to assess the level of associated uncertainty.
- Reading Directors' minutes and other underlying documentation for recent capital raisings completed to understand the Group's ability to raise additional shareholder funds, including assessing the level of associated uncertainty.
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principal matters giving rise to the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

KPMG

Impairment indicators for intellectual property ($1,845,000)	
Refer to Note 10 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

Impairment indicators for Intellectual property is a key audit matter due to:
• the significance of the balance (being 56.5% of total assets); and
• the greater level of audit effort to evaluate the Group's assessment of impairment indicators in accordance with AASB 136 *Impairment of Assets*. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of the intellectual property. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed.
In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of the Group's activities. In addition to the assessment above, given the financial performance and position of the Group, we paid particular attention to:
• The progress of the intellectual property in terms of software development and its target industry sectors.
• The ability of the Group to fund the continuation of commercialization activities.
• Progress of its customer contract negotiation activities with current clients and potential target clients.
• Current market capitalization and implied market capitalisation value from recent capital raisings compared to the net assets at balance date.
We further considered the Group's discounted cashflow approach and business plan.
	Our procedures included:
	• We assessed the appropriateness of the Group's accounting policies for the recoverability of intellectual property against the requirements of the accounting standard and our understanding of the business and industry practice.
	• We assessed the Group's estimate of the remaining useful life of the intellectual property considering the Group's impairment indicators and progress of commercialization of intellectual property.
	• We assessed the Group's intellectual property impairment indicators which includes the Group's market capitalization approach and progress of its commercialisation activities. Our procedures included:
	  ○ We evaluated Group documents, such as minutes of Board meetings, the business plan and proposals to customers, for consistency with the Group's stated intentions to commercialise the intellectual property in terms of software development and plans for new commercialisation activities for target industry sectors. We checked this through enquiries with key operational and finance personnel.
	  ○ We recalculated the Group's market capitalization based on the recent quoted share price on the ASX and the share price for capital raised during the year and subsequent to balance date, multiplied by the shares on issue and compared this to the Group's net assets at balance date.
	  ○ We obtained the Group's new customer contracts entered into during and subsequent to balance date and compared to the Group's plans for new commercialization activities.

	• We further analysed the Group's determination of recoverable amount of the intellectual property through successful continued development and commercialisation by evaluating the Group's assessment of forecast revenues and expenses in their discounted cashflow approach. This included:
	  ○ comparing the Group's forecast cashflows to fund its commercialisation activities to the cashflow projections used in the Group's assessment of going concern, and tested by us, as outlined in the Material Uncertainty Related to Going Concern; and
	  ○ we considered the sensitivity of the Group's discounted cashflow model by varying key assumptions, such as forecast EBIT. We did this to identify inconsistencies with the Group's market capitalisation approach.
	• Assessed the adequacy of financial report disclosures in respect of the carrying value of intellectual property using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Linius Technologies Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

KPMG

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf
This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Linius Technologies Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 20 to 27 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Dana Bentley
Partner

Melbourne

30 September 2022

ADDITIONAL INFORMATION FOR LISTED COMPANIES

1. Shareholdings as at 23 September 2022

1a. Distribution of Shareholders

Category (size of holding)	Number of Holders	Number of Ordinary Shares
1 – 1,000	54	7,733
1,001 – 5,000	86	320,220
5,001 – 10,000	196	1,661,331
10,001 – 100,000	1,653	71,960,040
Above 100,001	1,456	2,239,916,988
	3,445	2,313,866,312

Unquoted Securities

As at 23 September 2022, there are 70,577,153 options over unissued shares of Linius Technologies. These options are held by 21 holders, all with holdings 100,000 or more.

1b. The number of shareholdings held in less than marketable parcels is 2,265.

1c. There are no substantial shareholders listed in the holding Group's register as at 23 September 2022.

1d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

—Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

- There are no voting rights attached to options.

ADDITIONAL INFORMATION FOR LISTED COMPANIES (CONTINUED)

1e. 20 Largest Shareholders — Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Anbaume Pty Ltd	103,972,943	4.49%
2	Earthrise Holdings Pty Ltd <Campion Investment A/C>	90,000,000	3.89%
3	Oxbo Holdings 2 Pty Ltd <JB Family 2 A/C>	47,857,117	2.07%
4	Steven McGovern Nominees Pty Ltd	40,000,000	1.73%
5	Citicorp Nominees Pty Ltd	39,255,075	1.7%
6	One Managed Investment Funds Ltd <TI High Conviction A/C>	35,233,334	1.52%
7	HSBC Custody Nominees (Australia) Ltd	31,775,030	1.37%
8	Parlin Investments Pty Ltd <Parlin Discretionary A/C>	30,000,000	1.3%
9	Unrandom Pty Ltd <Unrandom A/C>	26,000,000	1.12%
10	Aberdeen Family Holdings Pty Ltd <Aberdeen Family A/C>	25,383,597	1.1%
11	Gordo's Pty Ltd <Trading A/C>	25,000,000	1.08%
12	HARRKJIBSS Pty Ltd <Harris Family A/C>	23,900,000	1.03%
13	Tarakita Pty Ltd <Jones Property A/C>	23,095,302	1%
14	Bogan River Investments Pty Ltd	23,000,000	0.99%
15	Mr Akhilesh Bhatia	22,546,939	0.97%
16	Mr Mark Daniel Fabbian	21,000,000	0.91%
17	Mr Phuong Huu Dong	20,520,000	0.89%
18	L & J Schultz Pty Ltd <Schultz Familty A/C>	20,014,254	0.86%
19	VR Corporate Services Pty Ltd	20,000,000	0.86%
20	Scintilla Strategic Investments Ltd	20,000,000	0.86%
		688,553,591	29.76%
	Total number of ordinary fully paid shares held	2,313,866,312	

2. The name of the Company Secretary is Mr Giuseppe Rinarelli.

3. The address of the principal registered office in Australia is:

   Level 2,

   431 St Kilda Road,

   MELBOURNE VIC 3004

4. Registers of securities are held at the following addresses:

   Advance Share Registry

   110 Stirling Hwy

   NEDLANDS WA 6009

5. Securities Exchange Listing

   Linius Technologies Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

   Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.