

ASX Announcement
31 January 2017

LINIUS LAUNCHES COMMERCIALISATION PLANS

- ***Technology has capacity to transform multiple billion dollar markets***
- ***Focused and aggressive approach, initially targeting 4 video industry sectors***

Linius Technologies Limited (ASX: LNU) (Linius) is pleased to communicate a summary of its near term Commercialisation Plan.

Linius to Target Four Key Sectors:

- **Personalised Advertising**
- **Piracy / Media Security**
- **Video Search**
- **Security and Defence**

Chris Richardson, CEO of Linius, commented:

“In 2016 we are pleased to have successfully delivered on all aspects of our Operating Plan and are now accelerating our Commercialisation Plans.”

Highlights from 2016 included:

- Listing on the ASX
- Completing the technology development of the core product, the Video Virtualization Engine™ ('VVE')
- Maintaining and enhancing our global patent portfolio
- Delivering completed technology showcases with 3rd parties
- Attracted strategic investment from the Kirby family
- Under budget and retaining cash reserves

Linius is now planning to launch four distinct business units, each to have its own commercial category.

Chris Richardson further commented:

“Each of the four markets targeted are of significant size, in the 10's of billions of dollars of revenue, and we believe Linius provides the ability to transform each.

“The divisional approach allows us to hire specific expertise for each while providing focus and accountability to operations.”

The **four** markets Linius aims to transform are as follows:

1. Personalised advertising on Cable TV & Internet streaming video

Linius developed this capability with commercialisation partner Digisoft in 2016.

The TV advertising market was worth over \$70 billion US in 2016, in the US alone.¹

¹ <http://www.marketingcharts.com/traditional/us-online-and-traditional-media-advertising-outlook-2016-2020-68214/advertising-outlook-2016-2020-68214/>

Capital Structure

Shares quoted on ASX – 224.0m

Total shares on Issue – 679.2m

Market Cap @ 4.5c - \$30.6m

Unlisted Options – 73.0m

Corporate Directory

Christopher Richardson
Executive Director, CEO

Stephen McGovern
Non-Executive Director

Stephen Kerr
Executive Director, CFO

Key Definitions

Video Virtualization Engine™

is Linius' patented software that turns existing Internet videos into virtual video files, enabling next generation TV.

Showcase Partners are Linius channel to market partners, and assist with product development and market validation.

Digital Video Value Chain is the suite of technologies that enable getting a “video” from the camera to the screen.

Transcoding is the process by which video files are converted to different formats. The process helps to support low bandwidth connections and lets video conform to the unique constraints of various mobile devices.

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Linius could transform this market by allowing every cable TV ad to be personalised to the individual viewer.

Linius demonstrated the capability to shareholders on 23rd November, 2016, and a recording of the demonstration can be seen at: <http://www.linius.com/webcast/>

2. Piracy and Media Security

The Media Security division is focussed on reducing global piracy and securing revenues for content owners.

The Global box office market is worth over \$US38 billion per annum.²

The best current research³ indicates that box office sales alone are reduced by 15% from piracy — a \$6.7 billion US loss, just on ticket sales, but video industry loses much more beyond the box office revenues.

Linius VVE provides multiple ways of reducing piracy and offers content owners revolutionary control of their content, measurement methods, plus new revenue generating methodologies.

3. Search

The Search division utilises the VVE to enhance search returns, stitching video together on the fly to provide much better search results and therefore much greater monetisation opportunities for search engine providers.

There are approximately 30 search engine providers across hundreds of thousands of video websites, ranging from Google to specific search engines designed for niche interest websites.

4. Security Service Applications

This division provides capability that dramatically increases response times for Government agencies and corporations tasked with surveillance and threat management.

The video surveillance market is growing at 16.56% and is expected to reach \$71 billion US by 2022.⁴

Linius VVE facilitates the immediate distribution of relevant video surveillance content into designated workflows, for example, to security and government agencies.

Linius has identified multiple lines of revenue from each of the 4 business units including software licenses, usage fees and revenue share, all of which are in line with existing revenue generation methods in each market segment.

Chris Richardson said:

“All four divisions are being established in the US, with a global remit. The recruitment is well down the track. In parallel, we continue to develop commercial opportunities through our partners and direct to the market.

“We have also established a commercial lab that provides support to each division and continues to develop business cases for future additional commercialisation opportunities.”

Linius has the funds to hire the division heads, and to commence the commercialisation of each division. Linius will review funding requirements as we take each division to commercial markets.

Linius' VVE is patented around the world. Linius continues to invest in new patents that support the four divisions in addition to the un-launched user cases.

² <http://variety.com/2017/film/box-office/2016-global-box-office-1201968877/>

³ https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2736946

⁴ <http://www.marketsandmarkets.com/Market-Reports/video-surveillance-market-645.html>



About Linus Technologies Limited

Linus Technologies Limited (ASX: LNU) is a developer of disruptive video technology.

Linus' patented Video Virtualization Engine™ converts cumbersome, legacy video into interactive, virtual video. Based in Melbourne, Australia, it seeks to commercialise its patented Video Virtualization Engine™ — cut costs and boost revenues across the multi-billion dollar video industry.

Linus has the potential to transform many market segments and is initially focused on:

1. Delivering personalised advertising solutions for broadcasters
2. Video security and reduced piracy
3. Enhancing search engine monetisation
4. Security-service applications

For more information visit: www.linus.com

For more information, please contact:

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