



**ASX Announcement**  
**2 November 2017**

## **Linus Quarterly Activities Report**

### **Period ending 30 September 2017**

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Having lodged its Appendix 4C with the ASX for the quarter ending 30 September 2017 Linus Technologies Limited (ASX: LNU) is pleased to provide an update outlining the Company's activities during that quarter.

During the quarter, the Company has continued its strategic focus, summarised as:

- Vision:** To make all of the worlds video accessible as data
- Mission:** To become the *de facto* standard for the management and broadcast of video
- Commercialisation:** Linus patented VVE Technology to deliver to mass markets in 3 ways:
- Industry specific divisions and solution sets built around VVE
  - Mass distribution through partners, such as IBM
  - Self service to global markets through a SaaS model

The Company published a list of near term goals which will deliver:

- Commercial validation of the technology
- Commercially deployed and repeatable technology sets
- Commercial agreements with clear paths to revenue

#### **Summary of activities during the quarter**

- Signed first commercial deal with Village Roadshow to deliver Linus' antipiracy solution
- Integrated IBM Watson AI and Cognitive Services with VVE;
- Entered into agreements with 2 new strategic integrators: MyPlanet in Canada, and Hemisphere in NZ;
- Made a further strategic share placement of AU\$1.5million to Village Roadshow and the Kirby family;
- Hired Peter Cohen as EVP of Content Protection, based in LA;
- Post-quarter completed Commercialisation Capital Raising with an additional AU\$4.5million in line with its business objectives.

During the quarter Linus continued with its commercialisation objectives thereby setting up the business to scale rapidly and globally. Key investments have been in easily replicable solution sets, which will provide the technology globally as a SaaS platform in major infrastructure providers such as IBM Bluemix, Amazon AWS and Microsoft Azure, while delivering commercial validation in each of the Company's divisions.

## **Commercial deployment with Village Roadshow**

During the quarter the company announced its first commercial deal with Roadshow Films, a division of Village Roadshow Ltd, to use Linius' anti-piracy solution for a high value 6-part TV mini-series to confirm Proof of Value (POV). The anti-piracy solution is being deployed in partnership with IBM and the solution will be replicable immediate commercial roll out with other potential customers.

Village Roadshow are recognized as global leaders in the fight against piracy and this solution will provide an opportunity for Linius to demonstrate the value of its technology in this area on a global scale.

## **Continued Development of the Executive Team**

In August the company appointed Peter Cohen to the post of executive vice president to lead the Anti-Piracy Division of Linius. Formerly Head of Business Development for mobile engagement company Experience Proximity, Peter brings extensive career experience in content distribution and monetization from roles at HBO, CNN International, Rainbow Programming, ACTV, The Box/MTV2, and Billboard Live.

Based in Los Angeles, Peter is focused on engaging with a global movie studio to develop a mass content distribution POV, delivering the previously announced Roadshow commercial project to the market and expanding sales with premium-content owners — including movie studios, broadcasters, and sports organizations.

## **Software Development and Patents**

During the quarter Linius, in conjunction with strategic integrator MyPlanet, a Canadian strategic integrator with offices in Toronto, Vancouver, Chicago, and Ukraine, made the Linius VVE available on IBM's cloud infrastructure — Bluemix. This enables the company to capitalize on its collaboration agreement with IBM and also extend its sales and distribution capabilities.

Beyond the integration itself, the relationship presents two key opportunities, namely:

- for MyPlanet to resell the Linius technology, and
- enabling the IBM sales and service teams to execute transactions.

In addition, the Company has continued to expand its intellectual property portfolio investing in on-going software development and the registration (as appropriate) of further patents, which provide global protection.

### *Artificial Intelligence*

Linius has performed initial integration with the world's major cloud artificial intelligence engines: IBM Watson, Amazon AI, and Google Deep Mind. One of the core values of Linius' video virtualization is the ability to expose the data which is inherent in video and thereby enable the

extraction of value from that data. To date, artificial intelligence engines have had success in labeling videos based on listening to the speech. By integrating Linius VVE, AIs, for the first time, become capable of both analyzing segments of video and creating new content — cognitive video creation.

#### *Cloud Technology*

Linius' VVE is cloud agnostic and capable of being deployed on any of the major cloud-computing platforms. Initially developed on Amazon AWS, VVE was ported to IBM Bluemix in the September quarter. Going forward, the Company will also port to Microsoft Azure. By being available on all platforms, Linius ensures that clients can quickly adopt video virtualization and integrate VVE with their existing systems, regardless of where they're hosted.

#### *Strategic Integrators*

Strategic integrators (SI) serve the role of integrating Linius' VVE with clients' platforms. By partnering with select SIs to deliver VVE on mass-adoption platforms, such as the various cloud services, Linius establishes technical expertise in those SIs. This allows the Company to have trusted partners which can be used in client engagements and more importantly enables these SIs to become resellers of VVE, delivering additional value into their existing clients.

#### **Near Term Goals**

Linius has launched its commercialization strategy, hired the commercial leaders and has an active new business pipeline. In September the company published a list of near term goals. These goals reflect a mixture of near term commercial success and the Company's strategy of building out the organisational and technical infrastructure in line with our ambition to scale virtual video quickly around the world.

- ✓ Deliver the integration of VVE with at least one world leading OTT platform
- ✓ Deliver the integration of VVE into IBM's BlueMix Cloud
- ✓ Engage with a global movie studio to develop a mass content distribution POC
- Convert initial deal flow with IBM
- Deliver the integration of VVE into Microsoft Azure
- Deliver the integration of VVE with Major OTT ad servers
- Engage with a global movie studio to develop POC in anti-piracy
- Deliver an end to end piracy solution with a movie studio
- Deliver POC of Search in a global cloud environment
- Deliver the integration of VVE with at least one cognitive AI provider
- Deliver blockchain strategy and solution design

As at the end of September, Linius had completed 2 of these goals. First, Roadshow Films, a division of Village Roadshow Ltd, engaged to use Linius' anti-piracy solution for a high value 6-part TV mini-series to confirm POV. Second, the Company collaborated with Canadian strategic integrator MyPlanet to make the Linius VVE available on IBM's cloud infrastructure — Bluemix.

And subsequent to the close of the quarter, the Company successfully integrated the Linius Video Virtualization Engine™ (VVE) with Comcast's Over the Top (OTT) platform. By integrating with Comcast's technology, Linius puts itself in a position to quickly deploy virtual video into the numerous clients of one of the world's largest OTT platforms, accelerating both deals and revenue.

### **Capital raising**

Subsequent to the end of the quarter Linius completed its \$6m commercialization fundraising initiative, raising a further \$4.5m through the issue of 90 million ordinary shares at an issue price of \$0.05 per share, with a 1 for 2 free option exercisable at 7.5 cents per share and expiring on 30 May 2019. This includes a \$250,000 (5 million shares) investment from Linius' Chairman, Mr. Gerard Bongiorno, which is subject to approval by shareholders at the Company's November 2017 Annual General Meeting.

Linius will use the net proceeds of the private placement to accelerate its commercialization activities.

### **Outlook**

In addition to the near-term goals published Linius have an active new business campaign wholly focussed on generating commercial contracts and continue to invest in scalable technology in line with the Company's vision and mission.

Further, in the December quarter, the Company intends to commence operation of its fourth division — Security and Defense. Linius expects to announce a divisional head that is comparably credentialed to the existing executive staff in order to round out its management team and plans to continue to execute on near-term goals similar to those announced for the other divisions.

Finally, the Company expects to launch its product, VVE, under a Software-as-a-Service model, enabling businesses around the world to quickly use video virtualization in new and innovative ways. With the launch of the SaaS platform, the company will begin reporting usage metrics indicating the growth of the platform and application of video virtualization.

## **About Linius Technologies Limited**

Linus Technologies Limited (ASX:LNU) is set to revolutionize the world of video. The Linus Video Virtualization Engine™ has cracked the code of content intelligence and created the next evolution of video streaming.

Linus transforms cumbersome, static video files into agile, dynamic files that can be easily manipulated on the fly, in order to deliver an enhanced, custom experience for both broadcasters and end-users in any way imaginable, and some as yet to be imagined.

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

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

Linus' patented Video Virtualization Engine™ cuts costs and boost revenues across the multi-billion dollar video industry.

**For more information, please contact:**

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