ION Video Ltd (ASX:IOV)

ASX Announcement

CEO Half Year Report

Melbourne, Australia, 27 February 2026: ION Video Ltd (ASX: IOV) ("ION" or "the Company") provides the following update to shareholders on the Company's strategic priorities, progress achieved since the relaunch, corporate financial position, technology evolution, intellectual property validation roadmap, and go to market approach.

Key Highlights

- Completed a full strategic reset, repositioning ION as enabling infrastructure that makes video programmable for AI.
- Reduced liabilities from $2.8m to $561k, and lowered monthly cash burn to ~$180k.
- Secured cash runway until at least April–June 2027 while executing the validation and commercialisation roadmap.
- Rebuilt the leadership, engineering and marketing teams around a single mission to commercialise the patent portfolio globally.
- Established a clear four-pillar growth framework: Develop and enhance the IP; Technology evolution; Build awareness through validation; and Commercialisation.
- Rebuilt and significantly enhanced the core virtual video infrastructure, now ready for independent validation and partner integration.
- Relaunched as ION Video and demonstrated the world's first prompt-to-virtual-video interface.
- Entered commercial conversations with global organisations and secured invitations to major innovation conferences.

1. What Has Been Achieved in Seven Months

The journey from Linius to ION represents arguably one of the most comprehensive corporate transformations in the Australian small cap technology sector. In just seven months, the Company has fundamentally repositioned itself around a clear strategic vision: to be the enabling infrastructure company that makes video programmable for artificial intelligence.

Strategic Reset and Repositioning

When the current management team took control, ION was a company without clear direction. The patents existed but were not understood. Upon examination, the technology offering had moved so far away from the core strengths of the underlying patent. The technology had been buried under layers and layers of bespoke software. There was no coherent narrative, no documentation, and no pathway to commercialisation.

The first task was to strip everything back to the foundation and rebuild around what truly mattered: the patents.

Management undertook a complete review of the intellectual property, working closely with Finbar O'Hanlon, the original inventor and patent author, to understand exactly what the patents protected and why they were so powerful. That process revealed what had been missed for years:

ION did not own a feature or a product. It owned an architecture for how video could exist inside intelligent systems.

Once that was clear, the entire strategy could be rewritten:

- The Company would no longer chase bespoke software projects.
- It would position itself as a pure enabling infrastructure and intellectual property business.
- It would target the platforms, hyperscalers and chip providers that sit between the patents and billions of users.
- It would build partnerships and licensing relationships, not one off custom builds.

That strategic clarity allowed everything else to follow.

Mission Statement

Building the foundation for intelligent video in the AI era

Leadership and Governance Transformation

The Board and executive team were rebuilt from the ground up. Management were focused on assembling a team not for continuity, but for transformation. Every member brings a track record of building, scaling, or exiting technology businesses, and everyone was recruited with significant percentages of their contracts reliant on achieving performance metrics aligned around a single mission: to commercialise ION's patents on the global scale.

In assembling the team, we have installed three core values across every area of the business, namely:

- ➔ **Discipline**
- ➔ **Transparency**
- ➔ **Execution**

We brought back Finbar O'Hanlon, the original inventor of ION's four foundational patents and the technical architect behind the virtual video concept, to lead the Company's innovation. AJ Palmer was appointed to the executive team, bringing extensive experience in building and scaling startup technology businesses and executing strategic partnerships. Industry renowned Sophie Karzis was recruited to ensure our corporate governance was strengthened.

The Company has also built a world class specialist AI-first engineering team tasked with productising the orchestration layer, creating reference implementations, and ensuring the enabling infrastructure can be evaluated and integrated by hyperscalers and global partners. In addition, the Company assembled an expert marketing team focused on ensuring our messaging provides clarity and can withstand scrutiny from sophisticated technical and financial audiences.

Technology Stabilisation

For years, the underlying virtual video technology had been buried under custom software built for the sports industry , education clients, security providers and other industries. The core patents were barely used. There was no clean, documented system that a client or partner could evaluate, test, or integrate.

Over the past seven months, the technology team has worked to:

- Strip away the legacy bespoke layers and isolate the core virtual video enabling infrastructure.
- Rebuild around the patents, ensuring every component directly supports the architecture described in the granted claims.
- Create comprehensive technical documentation that can be shared with validation partners, independent testing bodies, and potential commercial partners.
- Prepare the system for independent validation and testing by globally recognised institutions.

This work is not about adding features. It is about proving that the patents describe a real, working, production ready system that can be trusted at scale.

Market Narrative and Positioning

Over the past seven months, management has also been focussed on establishing a clear market narrative and positioning.

Under Linius, there was no simple way to explain what the Company did, why it mattered or why clients even needed it. Conversations wandered between sports highlights, education portals, and security footage, with no unifying story.

Today, the narrative is crystal clear:

- Video was built for a pre AI world. Once rendered, it becomes a sealed file that artificial intelligence can analyse but cannot build with.
- ION virtualises rendered video, allowing AI to assemble video in real time without reediting, rerendering, or duplicating content.
- ION is enabling infrastructure that makes video programmable for AI and GPU hardware.
- Foundation models provide intelligence. ION provides the orchestration layer that turns those instructions into assembled video experiences without rendering new files.

That narrative works because it is true, simple, and aligned with where the market is heading.

Relaunch, Rebrand, and Technology Showcase

On 9 February 2026, the Company formally relaunched as ION Video Limited, marking the end of the Linius era and the beginning of a new chapter.

The relaunch was not just a name change. It was a signal to the market that this was a fundamentally different company:

- New strategy, focused on enabling infrastructure and IP, not bespoke software.
- New leadership, with a track record of building and scaling technology businesses.
- New narrative, positioning ION as the orchestration layer for AI video intelligence.

- New commercial model, based on licensing and partnerships, not project work.

On 9 February 2026, the Company held its first public technology showcase webinar, led by Finbar O'Hanlon. The showcase demonstrated the world's first prompt to virtual video interface, showing how ION's enabling infrastructure allows artificial intelligence to dynamically assemble personalised video experiences from existing content libraries in real time, without rendering new files.

The demonstration showed voice prompted assembly of personalised cooking tutorials from multiple source videos, further refinement of those assemblies through conversational prompts, and the back end virtualisation process that transforms full video files into lightweight kilobyte-sized virtual structures. The showcase made the technology tangible and demonstrated the clear link between ION's patents and a working system.

The response since relaunch has been immediate and encouraging. ION has entered conversations with global organisations and been invited to speak at major innovation conferences.

Corporate Restructuring and Cost Discipline

Alongside the strategic and technical transformation, the Company undertook a significant corporate restructuring to ensure it could operate efficiently and sustainably whilst pursuing commercialisation.

Key achievements include:

- The Company is now in a positive Net Asset position for first time since December 2023
- Total liabilities reduced from $2.8m at 30 June 2025 to $561k as at 31 December 2025
- Rationalisation of the cost base, removing layers of expense related to bespoke software projects and custom client work.
- Exit from uneconomic legacy bespoke software contracts not aligned with the new strategy providing a net annual saving of $1.3m
- Cash burn is now running at c.$180k per month
- The Company is cash funded until April – June 27
- 100 – 1 Share Consolidation
- Further cost controls and balance sheet enhancements being undertaken

The result is a leaner, more focused company that can fund its operations until at least April to June 2027, whilst executing its validation and commercialisation roadmap.

Shareholder Communication and Transparency

Throughout this transformation, the Board and management have been committed to transparent, regular communication with shareholders.

Since the relaunch, the Company has issued multiple ASX announcements providing updates on strategic priorities, governance changes, validation milestones, and commercial progress. Management has also engaged directly with shareholders through investor briefings, Q&A sessions, detailed written updates, and the technology showcase webinar.

This commitment to transparency will continue. Shareholders deserve to understand not just what the Company is doing, but why it is doing it, how progress will be measured, and what the realistic pathways to commercialisation look like.

Seven Months of Transformation

In seven months, ION has moved from a directionless company with underutilised patents to a focused enabling infrastructure business with a clear strategy, a strong leadership team, a compelling market position, and growing engagement with global partners.

The rebrand and relaunch on 9 February 2026 made the vision tangible for the market. ION is no longer the company it had been. It is ready to compete, to partner, and to commercialise at scale.

But management recognise transformation is not the same as commercialisation. Management is now focused on converting that foundation into tangible progress: validation, partnerships, and commercial traction.

2. Management's Four Pillars for Growth

- **PILLAR 1:** Develop and enhance the IP
- **PILLAR 2:** Technology Evolution
- **PILLAR 3:** Build Awareness through Validation
- **PILLAR 4:** Commercialisation

Pillar 1: Develop and Enhance the IP

When the original virtual video patents were drafted in 2007, the AI landscape looked very different from the one emerging today. Since then, foundation models, agentic systems, and programmable media have moved from theory into practice, and the way intelligent systems interact with video has fundamentally changed. Our new patent work is designed to bring the portfolio fully into this AI-native world, extending the original invention so it can sit at the heart of modern multimodal and agentic architectures.

The existing patents establish that rendered video can be virtualised into reference-based containers with no sample data, allowing video to be indexed, linked and assembled dynamically without re-rendering. Following a comprehensive strategic review, our intention through new patents filings is to build a distinct control and transaction layer above that foundation, focused on who is allowed to resolve those references, under what conditions, and how that permission is enforced, audited and monetised at runtime. In simple terms, we are formalising the “right to resolve” as a cryptographic video token, binding together resolution authority, consent, licensing, session context and execution constraints so that video can operate as secure, programmable infrastructure inside AI systems.

This work achieves three strategic objectives for ION. First, it aligns the patent portfolio with agentic content and token-governed resolution, positioning ION at the intersection of AI orchestration, content sovereignty and monetisation. Second, it extends and strengthens the commercial life of the portfolio, with new filings designed to expand protection and effectively extend the economic runway of the core IP by a further 15 years. Third, it gives global partners a clearer path to deploy ION’s technology within their AI stacks, knowing that both the virtualisation layer and the control layer are protected, coherent and built for the next decade of AI-driven video.

Pillar 2: Technology Evolution

ION's technology is not a product. It is enabling infrastructure. It does not sit in front of users. It sits underneath the platforms, AI systems, and video libraries that serve billions of people. ION is the

connective tissue between intelligent systems and the world's archives of trillions of hours of human created video content.

The technology will continue to evolve in direct response to three critical inputs: feedback from validation partners, requirements from independent testing bodies, and insights from early commercial conversations with global players.

As demonstrated in the 9 February technology showcase webinar, ION's virtual video enabling infrastructure is operational and proven at the core architectural level.

The system can:

- **Virtualise rendered video** by separating structure from samples, creating lightweight virtual files measured in kilobytes rather than the gigabytes of the original source files. A two hour film can be virtualised in seconds into a data structure that is a fraction of the size of the original.
- **Enable real time playback** of virtual video assemblies using standard video players, with multiple source files seamlessly stitched together based on AI-driven or user-driven prompts.
- **Support dynamic composition**, where artificial intelligence or user intent can specify which segments from which source videos should be assembled and in what order, and then further refine those assemblies through conversational interaction.
- **Govern access and transactions** around virtual video assemblies using token based control mechanisms that preserve provenance, rights, and creator control.

The showcase demonstrated the world's first prompt to virtual video interface, making it clear that this is not a theoretical concept. It is working, enabling infrastructure that allows AI systems to talk to video at a low level, at a sample level, treating video as data, not video as video.

The next challenge is to prepare ION's enabling infrastructure for scrutiny, validation, and integration by the largest technology companies in the world.

Stage 1

Although the current system is already robust enough to stand up in independent lab trials, it remains a prototype implementation. Our next step is to transform ION from a compelling prototype into an online-accessible, production-grade, virtualised video intelligence platform, supported by a dynamic, commercially relevant showcase environment.

This platform will allow us to walk into any lab trial with a global provider, rapidly onboard multiple industry verticals and their video libraries, and index those assets remotely without re-engineering the core infrastructure each time. Once indexed, an AI prompter can ask domain-specific questions across those verticals and ION will respond with accurate, context-aware assemblies that reflect the true structure, semantics and intent of each underlying video library.

Documentation and Specification Hardening

One of the most critical workstreams is the completion of comprehensive technical documentation.

Global partners and independent testing bodies need to see:

- Detailed architecture diagrams that show how virtual video works at the container, reference, and playback layers.

- API specifications that define how external systems can integrate with ION's orchestration infrastructure.
- Security and governance models that explain how access, rights, and transactions are controlled.
- Performance benchmarks that demonstrate scalability, latency, and throughput under real world conditions.

This documentation is not marketing material. It is the technical foundation that allows a senior engineering team at a hyperscaler or platform to evaluate whether ION's enabling infrastructure can be trusted at scale.

Pillar 3. Build Awareness through Validation

ION's intellectual property is the foundation of the Company's value. The patents describe a fundamentally different architecture for how video exists inside intelligent systems, and they are granted across major global jurisdictions with priority dates extending back to 2007.

But patents alone are not enough. To commercialise effectively, ION must provide global partners with absolute confidence in three things:

- **Legal strength:** That the patents are valid, enforceable, and will withstand scrutiny.
- **Freedom to operate:** That ION can deploy the technology without infringing on third party patents.
- **Commercial viability:** That the patents cover technology that works, scales, and delivers measurable value. A commercialisation report looks beyond legal strength and asks which industries, platforms, and use cases derive the most value from ION's patents, what realistic licensing fee structures look like based on the enablement value the technology provides, and which global organisations are most likely to be interested in licensing or partnering with ION.
- **Technical and Real World Scalability Test of Patents. Objective**: To conduct rigorous technical testing to demonstrate that the patented technology works, scales, and delivers measurable performance at real world load levels.
- **Independent Testing by Globally Recognised Bodies:** To have globally recognised institutions or testing bodies conduct independent evaluations of ION's patents and enabling infrastructure. Independent testing by globally recognised bodies provides third party credibility that cannot be dismissed by sceptical partners or competitors, detailed technical reports that can be shared in commercial discussions, and confidence for investors, partners, and shareholders that the technology has been independently validated at the highest level.

ION's management will be executing a comprehensive multi stage validation program designed to deliver that confidence.

This is not a linear process. Many stages will run in parallel. At the end of the process, ION will have a complete suite of independent validation reports, legal opinions, and technical test results that can be presented to any global partner with absolute confidence.

This is not speculative validation. This is rigorous, independent, and will be undertaken and endorsed by globally recognised institutions.

The roadmap is not optional. It is the pathway to commercialisation.

Pillar 4. Commercialisation

ION's commercialisation strategy is built on a simple principle: enabling infrastructure companies do not chase thousands of small customers. They build deep partnerships with the platforms and organisations that sit at the centre of the intelligent video ecosystem, who then deploy the technology to serve their users at scale.

The addressable market is vast. Digital video accounts for approximately 82 per cent of global internet traffic. ION's target customers include hyperscalers building multimodal AI systems, AI platform providers extending beyond text and images into video composition, large video and content platforms under pressure from relevance and cost, cloud infrastructure providers facing accelerating storage, compute, and energy pressure, enterprises with high value video libraries and advanced AI ambitions, and chip and GPU companies such as NVIDIA looking to drive new classes of workloads. The opportunity spans every organisation whose value is driven by video, relevance, and engagement.

How ION Will Reach Customers

ION's target customers are not end users. They are the platforms, hyperscalers, chip providers, enterprises, and AI companies that sit between the patents and the people who watch video.

Reaching those customers requires a different approach from traditional enterprise sales. It is about leveraging senior relationships, demonstrating credibility through validation, and positioning ION at the innovation conferences and forums where senior executives make infrastructure decisions.

Engagement with Global Partners and Institutions

Since the relaunch, ION has moved quickly to engage with the organisations and institutions that will be critical to validation and commercialisation.

The Company has:

- Entered discussions with global technology platforms and hyperscalers about the role of virtual video enabling infrastructure in their AI strategies.
- Engaged independent global bodies to conduct technical validation, scalability testing, and freedom to operate analysis on the patent portfolio.
- Secured invitations to present at globally recognised innovation conferences, where ION will showcase the technology to senior executives from major platforms, chip providers, and AI companies.

These engagements are not speculative. They are the result of months of preparation, clear positioning, and the credibility that comes from a strong patent portfolio and a leadership team with a proven track record.

What the Licensing Terms Will Look Like

ION's licensing model is based on enablement value: the measurable economic benefit that ION's enabling infrastructure provides to the partner.

Licensing terms will vary depending on the partner, the use case, and the scale of deployment, but the core principles are consistent.

Enablement value is the difference between what it costs the partner to deliver personalised video experiences using traditional methods, and what it costs using ION's enabling infrastructure.

For example:

- If a major video platform currently spends $2 billion per year on storage, encoding, compute, and content duplication to deliver personalised experiences, and ION's enabling infrastructure reduces that cost to $500 million whilst improving personalisation quality, the enablement value is $1.5 billion annually.
- If a hyperscaler can unlock new revenue streams by offering AI-orchestrated personalised video as a service to enterprise customers, and that service generates $5 billion in annual recurring revenue that would not have existed otherwise, the enablement value is $5 billion.
- If a chip provider like NVIDIA can drive incremental GPU utilisation by enabling real-time video assembly workloads across their installed base, unlocking $800 million in additional hardware sales and compute services, the enablement value is $800 million.

ION's licensing fees will be structured as a percentage of enablement value, ensuring that partners only pay when they realise tangible economic benefit; ION's revenue scales with the partner's success, and the licensing relationship is aligned and sustainable.

Typical licensing structures may include:

- **Upfront licensing fee:** A one time payment to access the technology and begin integration.
- **Ongoing royalty or usage based fee:** A percentage of cost savings, revenue uplift, or transaction volume enabled by ION's enabling infrastructure.
- **Milestone based payments:** Additional payments tied to deployment scale, geographic expansion, or new use case integration.

The exact structure will be negotiated on a case by case basis, but the principle is always the same: ION is paid in proportion to the value it creates.

Independent Lab Trials with Agreed Licensing Terms

The final and most important channel to commercial traction is paid independent lab trials with pre agreed licensing terms.

This is the model that allows ION to de-risk partnerships, prove value in real world conditions, and convert validation into revenue.

Here is how it works:

- ION engages with a target partner (a hyperscaler, video platform, chip provider, enterprise, or AI company) and proposes a structured pilot deployment.
- The partner agrees to conduct an independent lab trial, where ION's enabling infrastructure is tested in a controlled environment using real content, real traffic patterns, and real use cases.
- The trial is structured with clear milestones, such as demonstrating that virtual video assemblies reduce storage and compute costs by a measurable percentage, proving that the enabling infrastructure can handle a specified volume of concurrent assembly requests without degradation, and validating that personalised video experiences can be delivered with latency and quality comparable to traditional rendered video.
- If ION achieves the agreed milestones, the partner commits to a licensing agreement with predefined commercial terms.

- The trial will be all or predominantly funded for by the partner, and will cover implementation, integration, and ION's technical support costs during the trial period.

This model ensures that partners only commit to licensing if the technology delivers measurable value, ION is compensated for the work involved in supporting the trial, and both parties have clear, objective criteria for success.

3. Shareholder Expectations

ION has achieved a great deal in the past seven months. The Company has transformed from a directionless entity with underutilised patents, into a focused enabling infrastructure business with a clear strategy, a strong leadership team, a compelling market narrative, and growing engagement with global partners.

The relaunch on 9 February 2026 made the technology real for the market. The next phase marks the beginning of the commercialisation phase.

The Board and management are confident that over the coming months shareholders will see a significant step forward in ION's journey from transformation to commercialisation.

The patents are strong. The validation is underway. The partnerships are within reach. The future is clear.

Yours sincerely,

Anthony Baker

Chief Executive Officer and Director

Authorised for release by the Board of Directors

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About ION Video Limited

ION Video Limited (ASX: IOV) is an infrastructure company that has developed patented technology to virtualise video at the file architecture level, transforming static files into programmable data. Protected by four foundational patents, ION's technology enables intelligent systems to access and compose with existing video content as programmable data, without transcoding.

For additional information about ION, please visit www.ion.video

Forward-Looking Statements

This announcement contains forward-looking statements regarding ION's technology, market positioning and strategic priorities. These statements are based on current expectations and are subject to risks and uncertainties. Actual results may differ materially from those expressed or implied in these statements. This announcement has been prepared in compliance with ASX Listing Rule 3.1 regarding continuous disclosure obligations.