



ASX/MEDIA ANNOUNCEMENT

ASX: YPB 29 August 2018

YPB receives \$3.12m investment from strategic blockchain partners and equity investors to propel YPB token issue

- **Blockchain and token pioneers to invest \$1.5m and are engaged to exchange list the YPB Token**
- **Heavily oversubscribed new equity issue raises additional \$1.62m**
- **Endorsement by leading blockchain companies for YPB's world leading anti-counterfeit technology and Token strategy**
- **Greatly enhanced prospect of realising YPB US\$30m token proceeds target**

Anti-counterfeit and customer engagement solutions provider YPB Group Ltd (ASX: YPB) has secured strong support from a consortium of crypto pioneers who will take the YPB Token (YPT) directly to leading crypto exchanges and invest \$1.5m in a YPB Convertible Note (to be issued subject to shareholder approval).

The strategic investors are First Growth Funds (ASX: FGF), DigitalIX (ASX: DCC) and Blockchain Global all of whom have deep expertise in blockchain, crypto currencies and crypto exchanges. With the support of these investors, it is intended that the YPT will be exchange listed and funds raised via the on-market sale of YPB Token (YPTs). Listing on quality exchanges is vitally important to the success of a Token and this direct access greatly enhances the prospect of achieving YPB's target of raising up to US\$30m as previously advised to the market.

The consortium will be invited to appoint a representative to the YPB Board. The equity investment, the directorship and potential direct benefits from the sale of YPTs strongly align the interests of YPB with those of the strategic investors. The investors are strongly incentivised to maximise the success of, and proceeds from, the YPB Token Issue and have the experience skills, experience, networks and access to do so.

The objective of YPB's Token Issue is to fully fund the development and commercialisation of its smartphone readable Motif Micro technology and to blockchain-enable the YPB Connect serialisation and customer engagement platform. Together these solutions will allow certainty of authenticity to be offered in mass consumer markets globally.

YPB has also raised \$1.62m in new equity at \$0.018 per share with one free attaching 18 month option with an exercise price of \$0.025. Ninety million new shares will be issued presently and 90m new options will be issued subject to Shareholder approval at an upcoming EGM. The issue was 3.2x oversubscribed despite a tightly restricted offer audience.



The goal of the total raise of \$3.12m is to comfortably fund the company until the point of funding self-sufficiency through the combination of funds realised from token sales and/or business profitability. Should that goal be achieved, it is the Board's ambition to issue no further equity – absenting any major or unusual opportunity.

The Convertible Note terms are:

- A total investment of \$1.5m.
- 3 year fixed term, repayable only at maturity, non-redeemable.
- Conversion at any time to ordinary equity at the lower of A\$0.018 or a 50% discount to the price at which YPB shares were subscribed for pursuant to the most recent capital raising of YPB preceding the date of conversion (not including the present equity placement), provided that the deemed price is no lower than \$0.009.
- Free attaching unlisted option with an exercise price of \$0.025. Option expiry 18 months from the date of conversion of the Note to shares.
- Coupon 20% initially for the first \$500K which reverts to 10% p.a. following shareholder approval for the entire Note investment.

DigitalX CEO Leigh Travers commented; "We are pleased to advise publicly listed YPB on its upcoming token sale issue and are excited to see Blockchain technology applied to solving a real world problem of ensuring that fake goods do not infiltrate the supply chain for Australian businesses."

"FGF is the cornerstone investor with a half-million-dollar investment, and we are pleased to have secured support from strategic groups such as DigitalX and Blockchain Global," said FGF Executive Director Anoosh Manzoori.

Blockchain Global CEO Sam Lee commented; "Our association with YPB is an exciting fit with our recent \$14m investment in a Japanese listed Company "Path Corp" (3840:TYO) which further strengthens our Global network incorporating strategic partnerships with FGF and DigitalX. The Utility of YPB's technology creates strong opportunity in the Asian Markets and we look forward to seeing Blockchain technology enhance its penetration."

YPB's Executive Chairman John Houston said: "We did not plan to be raising further equity but our Token Issue fell well behind schedule for reasons beyond our control. Fortunately, that has proved a blessing in disguise as the impeccable credentials and capacity of our new strategic partners means the probability of a successful Token Issue is now extremely high. A successful Token Issue will be a boon for YPB, possibly creating material shareholder wealth and robust financial strength. It will increase the depth, appeal and market penetration of our products. I'm also excited by the opportunities beyond the token and blockchain that will open to YPB via our new strategic partners. I'm grateful to the support of all participants in our raise and welcome them to our register."

YPB Token video link: <https://youtu.be/lvVUvXy9FKs>



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About YPB:

YPB Group Ltd (ASX:YPB) lives by three words - certainty of authenticity. We deliver on this through our experience in creating revolutionary, patented anti-counterfeit and customer engagement solutions. Solutions that detect and prove certainty of authenticity and connect brands directly to their customers, empowering them to engage one-on-one.

In an evolving marketplace and with the rapid growth of cross border commerce, our expertise presently focuses on the rapidly growing markets of Australia, South East Asia and China.

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