



## ASX ANNOUNCEMENT

ASX:YPB | 14<sup>th</sup> January 2021

### First monetisation of MotifMicro™ with A\$1m MSA secured

- **5 year MSA secured with minimum contract value of A\$1m**
- **Entry into massive sneaker reseller market, initially in the USA**
- **First commercial contract for revolutionary MotifMicro1 (MM1) authentication technology**

Product authentication and consumer engagement solutions provider **YPB Group Limited (ASX:YPB)** (“YPB”, and the “Company”) is pleased to advise that it has secured a Master Services Agreement (“MSA”) with Legitifli (<https://www.legitifli.com/>), a product authentication solutions distributor focused on the USA reseller market for sportswear apparel, sneakers, streetwear, accessories and collectables.

Based on the magnitude of the sportswear and streetwear reseller market (with sneakers alone estimated to have over US\$6bn p.a. value), the value to consumers of authenticated product, and Legitifli’s business plan, there is ample scope for revenues beyond the minimum contract value.

This agreement is a major milestone for YPB, marking the first commercialisation of YPB’s revolutionary smartphone-based authentication solution MotifMicro™.

MotifMicro™ drives YPB from offering solely B2B solutions into the heart of groundbreaking B2C opportunities as it permits forensic quality self-authentication of products by consumers with unaided smartphones. Via a YPB-developed artificial intelligence (AI)-based software “app”, the smartphone interacts with YPB’s MM1 novel technology embedded in the product to give both physical and digital dual-security confirmation of authenticity. The ubiquity of the smartphone allowing rapid adoption, the ultra-high volumes of consumer goods markets, and YPB’s per-unit-volume pricing model, together imply rapid and significant revenue growth potential of MM1 as the value of proven authenticity is increasingly recognised by both brands and consumers.

Under the MSA, Legitifli will have exclusivity to promote and sell YPB’s product authentication and consumer engagement solutions in its target reseller segment in the territories of the USA, Canada and Australia.

Legitifli will begin implementing YPB’s solutions in early 2021 with its joint venture partner Magnolia Park, a specialist sneaker and accessories reseller based in Los Angeles. Implementation will be conducted in two phases:

- Phase one – effective immediately, YPB will provide Legitifli and The Magnolia Park with a co-branded, anti-tamper and anti-counterfeit label embedded with YPB’s T2 original tracer-scanner technology.
- Phase two – MotifMicro1 (MM1) technology will roll out as soon as YPB releases the MM1 consumer app estimated to be completed by Q2 2021. Simultaneously, The Magnolia Park will adopt YPB’s consumer engagement SaaS solution, CONNECT, allowing it to build its knowledge of and relationship with its consumer base.

This will be the first mass implementation of the MotifMicro1 solution and is expected to generate widespread interest in the sector, particularly in the USA. It will also mark the entry of YPB, via its channel partner Legitifli, into a new, dynamic specialist vertical in the world’s largest consumer market, the USA. Through partnering, the incremental costs to YPB are negligible and the inherent profit leverage to this incremental revenue is a key plank in the Company’s drive



toward profitability. The MSA stipulates a minimum contract value to YPB over the 5-year initial term (“Initial Term”) of just over A\$1m (including GST) via progressive annual increases in minimum order quantities. The approximate value, and to maintain exclusivity during the Initial Term of the MSA, the licensee must order YPB product to the GST included value of \$33k in the first year, \$115k in the second year, \$165k in the third year, \$264k in the fourth year and \$528k in the fifth year. Legitifli is able to extend the MSA for a further 3 years after the Initial Term provided that the minimum annual label quantities ordered are equal to or greater than those in the final year of the Initial Term.

**YPB Group CEO John Houston said:** *“The MSA with Legitifli is a tremendous, historic milestone for YPB, being the first monetisation of our investment into MotifMicro™ and an explicit acknowledgement of its commercial value, relevance and appeal.*

*In addition, the entry with a dynamic partner into a vibrant vertical with critical need for product authenticity and starting in the huge US market offers obvious revenue prospects. The global sneaker reseller market is an enormous industry with a major counterfeit problem and its clear potential demands our further strategic focus.*

*I should also highlight the minimum contracted revenues in the MSA as reflecting a more determined pursuit of recurring income in our drive to profitability and, wherever achievable, it will be the template for future deals. We have had increasing success in recent new partner signings with multi-year, minimum-value contracts.*

*We look forward to working with Legitifli to implement YPB’s solutions and jointly grow both businesses. Despite the delays and impediments of COVID-19, our new business pipeline is building and is expected to gather momentum as MM1’s launch progresses over 2021.”*

This announcement has been authorised by the Board of YPB Group Limited.

**For further information please contact:**

**Investor enquiries**

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About YPB Group

YPB Group Limited (ASX:YPB) is an Australia-based product authentication and consumer engagement solutions provider. YPB's proprietary smartphone enabled technology suite allows consumers to confirm product authenticity and, for brands, that triggers consumers' engagement.

The combination of YPB's smartphone authentication solutions and its SaaS Connect platform, creates 'smart' product packaging, opening cost-effective, digital and direct marketing channels between brands and their consumers. Connect gathers actionable data on consumer preferences. It can then host tailored marketing campaigns directly back to the scanning smartphone.

YPB is currently focused on the rapidly growing Australian, South East Asian, and Chinese markets. Its focus is dairy, cannabis, alcohol and cosmetics where the viral growth of fake products, particularly in Asia, affects brand value and endangers consumers. To learn more please visit: [ypb.io](http://ypb.io)