



ASX ANNOUNCEMENT

ASX: YPB | 28 February 2022

Preliminary financial results FY2021 show improvements

- Improved results despite COVID-19 impacts on operations
- Revenue up 8% and Loss down 69% year on year
- Enters 2022 debt free following retirement of Convertible Loan of \$1.65m
- 2021 set a powerful platform for 2022

Anti-counterfeit and consumer engagement solutions provider **YPB Group Limited (ASX: YPB)** presents highlights of preliminary financial results for the year ended 31 December 2021.

A full commentary will accompany the audited financial statements in March 2022.

Channel Partner and customer wins, patent grants, R&D breakthroughs and tight cost control in 2021 set the Company on a strong footing for 2022.

The Company's revolutionary MotifMicro1 technology which is an invisible tracer readable by a smartphone is currently being trialled in USA, Australia, Asia and EMEA regions with commercial success as the next step towards meaningful revenues.

YPB Executive Chairman, John Houston said: *"Despite COVID restrictions in 2021 severely hampering our progress we are pleased with the prospects for 2022. Our technologies are ready for a world requiring widespread anti-counterfeit solutions at smartphone level and we are ready to implement."*

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

Ends.

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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: ypbsystems.com

1. Company details

Name of entity:	YPB Group Ltd
ACN:	108 649 421
Reporting period:	For the year ended 31 December 2021
Previous period:	For the year ended 31 December 2020

2. Results for announcement to the market

					2021	2020
					\$'000	\$'000
Revenues from ordinary activities	up	48	7.8%	to	664	616
Loss from ordinary activities after tax for the year attributable to the owners of YPB Group Ltd	down	7,679	68.6%	to	(3,514)	(11,193)
Loss for the year attributable to the owners of YPB Group Ltd	up	7,679	68.6%	to	(3,514)	(11,193)

Comments

The loss for the Consolidated Entity, after providing for income tax amounted to \$3,514,000 (2020: \$11,193,000). The operating loss includes a number of non-cash and significant items including impairment loss on intangible assets, fair value adjustments, share-based payments and foreign exchange losses which leave an underlying cash outflow from operations of \$3,533,000 (2020: \$3,449,000). Revenue for the year was \$664,000 (2020: \$616,000) which represents a 7.8% increase from the prior year.

3. Net tangible assets/(liabilities)

	2021	2020
	Cents	Cents
Net tangible assets/(liabilities) per ordinary security	(0.001)	(0.02)

The net tangible assets/(liabilities) backing per ordinary security of (0.001) cents presented above is inclusive of right-of-use assets and lease liabilities. As the right-of-use assets were fully depreciated during 2021 due to expiry of the office lease agreement in Thailand, and the new office lease agreement is for a period of 12 months, the net tangible asset/(liabilities) backing per security if excluding right-of-use assets and lease liabilities as at 31 December 2021, would remain as (0.001) cents.

Net tangible assets are showing a negative value for the reporting and comparative periods due to the majority of recorded assets being intangible.

4. Gain and loss of control over entities

On 24 February 2021, the Consolidated Entity lost control of nTouch IP Pty Ltd, one non-operating dormant entity domiciled in Australia, as it was deregistered with ASIC as of that date.

Another one of the non-operating dormant entities domiciled in Australia is currently under strike-off action with ASIC and the Consolidated Entity still maintains control over it.

Further details are contained in Note 15 to the financial statements.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

There are no dividend reinvestment plans for the year ended 31 December 2021 (2020: Nil).

7. Details of associates and joint venture entities

No changes since the previous annual report was released.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

There has been no change in foreign-owned subsidiaries to those reported for the year ended 31 December 2021 other than as outlined in item 4 above. All group entities comply with International Financial Reporting Standards ('IFRS').

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

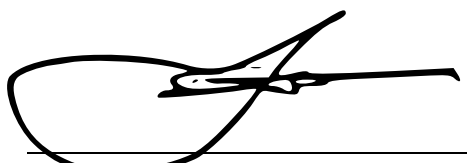
The financial statements for the year ended 31 December 2021 are in the process of being audited.

10. Attachments

Details of attachment (if any):

Not applicable.

Signed

A handwritten signature in black ink, appearing to be 'John Houston', written over a horizontal line.

John Houston

Date: 28 February 2022



YPB Group Ltd

ACN: 108 649 421

Full Year Preliminary Report 31 December 2021

YPB Group Ltd
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For the year-ended 31 December 2021

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YPB Group Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
Revenue	2	664	616
Expenses			
Consulting		(702)	(706)
Depreciation and amortisation expense		(101)	(225)
Directors' fees		(80)	-
Employee benefits expense		(1,667)	(2,064)
Finance costs	3	(227)	(367)
Impairment of goodwill and other intangible assets		(503)	(333)
Marketing costs		(43)	(89)
Investor Relations		(322)	(46)
Production costs		(32)	(36)
Professional fees		(184)	(417)
Rental expenses		(85)	(77)
Research and development costs		(384)	(355)
Regulatory expenses		(190)	(96)
Share-based payments		(8)	(161)
Travelling expenses		(39)	(65)
Other expenses		(745)	(791)
Gain/(loss) on extinguishment of financial liabilities via equity settlement		46	(4,828)
Exchange loss		1,088	(1,148)
Loss before income tax (expenses)/benefit	4	(3,514)	(11,188)
Income tax (expense)/benefit		-	(5)
Loss after income tax (expense)/benefit from continuing operations for the full-year attributable to the owners of YPB Group Ltd		(3,514)	(11,193)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(749)	1,011
Other comprehensive income for the full-year, net of tax		(749)	1,011
Total comprehensive loss for the year period attributable to the owners of YPB Group Ltd		(4,263)	(10,182)
		Cents	Cents
Basic and diluted earnings per share	17	(0.07)	(0.64)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

YPB Group Ltd
Consolidated statement of financial position
As at 31 December 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	5	531	1,559
Trade and other receivables	6	321	312
Other assets	7	330	385
Inventories	8	209	216
		1,391	2,472
Non-current assets			
Plant and equipment	9	50	61
Right-of-use assets	9	-	78
Intangibles	10	5,420	5,580
		5,470	5,719
Total assets		6,861	8,191
Liabilities			
Current liabilities			
Trade and other payables	11	1,476	1,862
Lease liabilities		-	68
Financial liabilities	12	-	1,598
		1,476	3,528
Total liabilities		1,476	3,528
Net assets		5,385	4,663
Equity			
Issued capital	13	81,774	77,665
Reserves	14	3,040	4,981
Accumulated losses		(79,429)	(77,983)
Total equity		5,385	4,663

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

YPB Group Ltd
Consolidated statement of changes in equity
For the year ended 31 December 2021

Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Issued options reserve \$'000	Share-based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2021	77,665	2,941	2,040	-	(77,983)	4,663
Prior period adjustment ¹	-	-	-	-	28	28
Adjusted balance at 1 January 2021	77,665	2,941	2,040	-	(77,955)	4,691
Loss after income tax benefit for the year	-	-	-	-	(3,514)	(3,514)
Other comprehensive income/(loss) for the year, net of tax	-	(749)	-	-	-	(749)
Total comprehensive loss for the year	-	(749)	-	-	(3,514)	(4,263)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued, net of transaction costs	2,985	-	-	-	-	2,985
Performance rights exercised during the year	-	-	-	-	-	-
Performance rights issued during the year	-	-	-	81	-	81
Options granted during the year	-	-	767	-	-	767
Options exercised during the year	750	-	(1,275)	-	1,275	750
Options lapsed during the year	-	-	(765)	-	765	-
Share-based payments	374	-	-	-	-	374
Balance at 31 December 2021	81,774	2,192	767	81	(79,429)	5,385

Note 1: The prior period adjustment arose from YPB Limited ("YPB HK"), a wholly-owned subsidiary of the Consolidated Entity, resulting from the audit of its financial statements for periods 1 April 2020 to 31 December 2020 completed during 2021.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

YPB Group Ltd
Consolidated statement of changes in equity
For the year ended 31 December 2021

Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Issued options reserve \$'000	Share-based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2020	69,126	1,139	960	400	(66,950)	4,675
Reclassification of prior periods foreign exchange gain/(loss) relating to net investment entities ²	-	791	-	-	(791)	-
Prior period adjustment ³	-	-	-	-	(9)	(9)
Adjusted balance at 1 January 2020	69,126	1,930	960	400	(67,750)	4,666
Loss after income tax benefit for the year	-	-	-	-	(11,193)	(11,193)
Other comprehensive income for the year, net of tax	-	1,011	-	-	-	1,011
Total comprehensive loss for the year	-	1,011	-	-	(11,193)	(10,182)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued, net of transaction costs	7,978	-	-	-	-	7,978
Performance rights exercised during the year	561	-	-	(561)	-	-
Performance rights issued during the year	-	-	-	161	-	161
Options granted during the year	-	-	2,040	-	-	2,040
Options lapsed during the year	-	-	(960)	-	960	-
Balance at 31 December 2020	77,665	2,941	2,040	-	(77,983)	4,663

Note 2: This reclassification adjustment arose from a change in significant accounting policy to reclassify monetary items that are receivable from or payable to foreign operations as part of the Group's net investment in those foreign operations. Consequently, foreign exchange gain/(loss) are classified as Other Comprehensive Income in the Statement of Profit or Loss, and Foreign Currency Translation Reserve in the Statement of Changes in Equity.

Note 3: The prior period adjustment arose from YPB Limited ("YPB HK"), a wholly-owned subsidiary of the Consolidated Entity, resulting from the audit of its financial statements for periods 1 April 2019 to 31 March 2020 completed during 2020.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

YPB Group Ltd
Consolidated statement of cash flows
For the year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		669	548
Payments to suppliers and employees		(4,007)	(3,780)
Interest received		2	2
Finance costs		(197)	(219)
Net cash used in operating activities	16	(3,533)	(3,449)
Cash flows from investing activities			
Payments for plant and equipment		(12)	(24)
Proceeds from disposal of plant and equipment		14	-
Funds on deposit in escrow		(70)	(130)
Net cash used in investing activities		(68)	(154)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		3,518	3,949
Proceeds from exercise of options		750	-
Proceeds from borrowings		-	1,200
Repayment of borrowings		(1,615)	(600)
Payment of lease liabilities		(69)	(148)
Net cash from financing activities		2,584	4,401
Net (decrease)/increase in cash and cash equivalents		(1,017)	798
Cash and cash equivalents at the beginning of the financial year		1,559	774
Effect of movements in exchange rates on cash held		(11)	(13)
Cash and cash equivalents at the end of the financial year	6	531	1,559

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

YPB Group Ltd
Notes to the consolidated financial statements
For the year ended 31 December 2021

Note 1. Operating segments

The Consolidated Entity is organised into operating segments as outlined below.

Management determines operating segments based on the internal reports that are reviewed and used by the Board of Directors, who are identified as the Chief Operating Decision Makers ('CODM'), in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

Types of products and services

For the year ended 31 December 2021, management considers the company to offer its client base a complete end-to-end service and product offering, hence considering its main operations to be represented by one business segment.

The bundled “complete solution offering” encompasses a range of products and services which are available to customers, including:

- Digital engagement platform that provides brand engagement with end consumers to promote product authenticity;
- Covert forensic products which are invisible particles ('tracers') fused into a product or packaging during or after the manufacturing process and are detectable using YPB's proprietary scanner or smartphone mobile devices;
- Forensic laboratory services for the examination of counterfeit products; and
- Security consulting services provided to governments, corporations and intellectual property owners for the deterrence of counterfeiting, grey markets, product diversions and fraud.

(a) Geographical information

2021

	Reportable segments				
	Australia	People's Republic of China	Thailand	United States of America	Total
<i>In \$'000</i>					
External revenue	317	323	-	-	640
Interest income	1	-	-	-	1
Other income	-	6	17	-	23
Total revenue	318	329	17	-	664

2020

	Reportable segments				
	Australia	People's Republic of China	Thailand	United States of America	Total
<i>In \$'000</i>					
External revenue	201	328	45	-	574
Interest income	2	7	-	-	9
Other income	33	-	-	-	33
Total revenue	236	335	45	-	616

YPB Group Ltd
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(b) Assets

2021

	Reportable segments				
	Australia	People's Republic of China	Thailand	United States of America	Total
<i>In \$'000</i>					
Current assets	755	307	329	1	1,392
Non-current assets	-	12	30	5,427	5,469
Total assets	755	319	359	5,428	6,861

2020

	Reportable segments				
	Australia	People's Republic of China	Thailand	United States of America	Total
<i>In \$'000</i>					
Current assets	1,808	345	318	1	2,472
Non-current assets	-	7	118	5,594	5,719
Total assets	1,808	352	436	5,595	8,191

Note 2. Revenue

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Revenue</i>		
Sale of goods and services	640	574
<i>Other revenue</i>		
Interest	1	2
Other income	23	40
	<u>664</u>	<u>616</u>

During the year, the Group received a total of \$23,000 (2020: \$40,000) as subsidies from the government of local jurisdictions relating to the various COVID-19 financial assistance packages such as the social security insurance subsidies in China, and COVID-19 financial support in Thailand.

Note 3. Finance cost

		Consolidated	
		2021	2020
		\$'000	\$'000
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	Note 4	<u>227</u>	<u>367</u>
		<u>227</u>	<u>367</u>

YPB Group Ltd
Notes to the consolidated financial statements
For the year ended 31 December 2021

Note 4. Loss for the year

The loss for the year includes the following expenses:

		Consolidated	
		2021	2020
		\$'000	\$'000
Finance costs	Note 3	227	367
Research and development costs		384	355
Depreciation and amortisation		101	225
Inventories written off		(2)	13
Bad debts written off		-	33
Impairment of intangible assets		503	333
Rental expense on operating leases – minimum lease payments		85	77
Loss/(gain) on extinguishment of financial liabilities via equity settlement		(46)	4,828
		<u>1,252</u>	<u>6,231</u>

Note 5. Cash and cash equivalents

	Consolidated	
	2021	2020
	\$'000	\$'000
Cash on hand	2	2
Cash at bank	529	1,545
Undeposited funds	-	12
	<u>531</u>	<u>1,559</u>

Note 6. Trade and other receivables

	Consolidated	
	2021	2020
	\$'000	\$'000
Trade receivables	130	137
Less: allowance for doubtful debts	(70)	(53)
	<u>60</u>	<u>84</u>
GST/VAT receivables	167	205
Other receivables	94	23
	<u>321</u>	<u>312</u>

YPB Group Ltd
Notes to the consolidated financial statements
For the year ended 31 December 2021

Note 7. Other assets

	Consolidated	
	2021	2020
	\$'000	\$'000
Escrow account – (i)	200	130
Rental deposits	34	58
Prepaid rent	4	4
Prepayments	90	192
Other receivables	2	1
	<u>330</u>	<u>385</u>

(i): During the year, the Group deposited an additional \$70,000 (2020: \$130,000) into an escrow account for the purpose of a commercial dispute against an external party. The monies are placed in an interest-bearing account for a period of six months from the date of deposit.

Note 8. Inventories

	Consolidated	
	2021	2020
	\$'000	\$'000
Finished goods – at cost	209	218
Less: provision for slow-moving stock	-	(2)
	<u>209</u>	<u>216</u>

Note 9. Plant and equipment & Right-of-use assets

	Consolidated	
	2021	2020
	\$'000	\$'000
Plant and equipment – at cost	206	554
Less: accumulated depreciation	(156)	(493)
	<u>50</u>	<u>61</u>
Right-of-use asset – at cost	387	381
Less: accumulated depreciation	(387)	(303)
	<u>-</u>	<u>78</u>

YPB Group Ltd
Notes to the consolidated financial statements
For the year ended 31 December 2021

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

Consolidated	Right-of-use assets \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 January 2021	78	61	139
Additions	-	12	12
Disposals	-	(18)	(18)
Depreciation expense	(76)	(25)	(101)
Exchange differences	(2)	20	18
Balance at 31 December 2021	-	50	50
Balance at 1 January 2020	234	119	353
Additions	-	24	24
Depreciation expense	(144)	(81)	(225)
Exchange differences	(12)	(1)	(13)
Balance at 31 December 2020	78	61	139

Note 10. Intangibles

	Consolidated	
	2021 \$'000	2020 \$'000
Goodwill – at cost	3,089	3,089
Less: Accumulated impairment losses	(3,089)	(3,089)
	-	-
Intellectual property – at cost	16,250	16,250
Less: Accumulated amortisation	(4,942)	(4,942)
Less: Accumulated impairment losses	(11,308)	(11,308)
	-	-
Customer relationships – at cost	206	206
Less: Accumulated amortisation	(28)	(28)
Less: Accumulated impairment losses	(178)	(178)
	-	-
Patent licence rights – at cost	8,214	7,919
Less: Accumulated impairment losses	(2,794)	(2,339)
	5,420	5,580

YPB Group Ltd
Notes to the consolidated financial statements
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Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

Consolidated	Patent licence rights \$'000	Total \$'000
Balance at 31 December 2020	5,580	5,580
Balance at 1 January 2021	5,580	5,580
Impairment loss	(503)	(503)
Effect of movement in exchange rates	343	343
Balance at 31 December 2021	5,420	5,420

Intangible assets, other than goodwill, have finite useful lives. The current period amortisation charge for intangible assets is included under the depreciation and amortisation expense in the consolidated statement of profit or loss and other comprehensive income.

Patent Licence Rights

Effective in December 2017, the Group acquired MotifMicro's patented licence rights to develop and commercialise its secure smartphone readable authentication technology. The non-replicable invisible micro-barcode technology works whereby the smartphone becomes the authentication device for uncopyable, invisible and indestructible physical marking technology.

In February 2018, a specific milestone under the agreement was successfully achieved with MotifMicro under which an additional \$851,000 was payable to the vendors. The corresponding payable was settled via the issue of ordinary shares in October 2018.

As the technology is still in the development phase and not commercially available for use during the year ended 31 December 2021, the patent licence rights have not been amortised. The progress of the MotifMicro development in 2021 was advanced through a number of technological achievements together with two customers that signed paid trial agreements in 2021 to expedite its commercialisation in the market. The company is pursuing further opportunities to commercially release MotifMicro in the near future.

An independent expert valuation was conducted by Nexia Brisbane Forensics Pty Ltd ('Nexia') to perform a Value in Use ('VIU') valuation of the patent licence rights of MotifMicro. The independent expert provided a valuation of \$5,420,000.

Management's view is that there is a basis for their preferred valuation based on the opportunity pipeline of MotifMicro including the paid trial agreements signed in 2021. However, the global pandemic of COVID-19 continues to impede on the business and therefore management has decided to adopt the carrying value provided by the independent expert of \$5,420,000 which still reflects the intrinsic value of the licence rights. As a result, an impairment loss expense of \$503,000 has been recognised to write-down the patent licence rights to \$5,420,000. This loss can be reversed in future accounting periods to the extent that future recoverable amounts support a higher carrying value.

YPB Group Ltd
Notes to the consolidated financial statements
For the year ended 31 December 2021

The following key assumptions and results arising from the VIU methodology applied are as follows:

- Revenue growth from conversion of sales pipeline of \$579,390 for FY2022 with an annual long-term growth rate of 12.5% until 2026 that follows the industry growth rate with a long-term annual growth rate of 2% thereafter;
- EBITDA loss of \$365,000 to be achieved by the end of FY2022;
- Discounted cash flow modelling to 2033 with no terminal value;
- A WACC of 25.77% (post-tax) assuming a long-term debt/equity ratio of nil; and
- The group securing sufficient funding in future periods to continue as a going concern.

Note 11. Trade and other payables

	Consolidated	
	2021	2020
	\$'000	\$'000
Trade payables	658	972
Other payables and accruals	818	890
	<u>1,476</u>	<u>1,862</u>

Note 12. Financial liabilities

	Consolidated	
	2021	2020
	\$'000	\$'000
Convertible notes (Sophisticated investors) – (i)	-	1,598
	<u>-</u>	<u>1,598</u>

(i): On 17 November 2021, the Group made repayments totalling \$1,649,000 as final payment of principal and interest to the convertible notes' holders. The repayments discharged the Group from any further obligations.

YPB Group Ltd
Notes to the consolidated financial statements
For the year ended 31 December 2021

Note 13. Equity – Issued capital

Consolidated	2021 Shares	2020 Shares	2021 \$'000	2020 \$'000
Ordinary shares – fully paid	6,117,833,701	4,228,358,979	81,774	77,665

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 January 2021	4,228,358,979	77,665
Issuance as payment to service provider	29 January 2021	117,692,309	294
Conversion of options	29 January 2021	375,000,000	750
Share placements	11 March 2021	250,000,000	750
Issuance as payment to service provider	9 April 2021	20,769,230	62
Share placements	26 October 2021	909,090,914	3,000
Issuance as payment to service provider	27 October 2021	30,000,000	90
Issuance as payment to employee	29 December 2021	186,922,269	374
Less: Transaction costs on shares issued, net of tax			(1,211)
Balance	31 December 2021	6,117,833,701	81,774

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

YPB Group Ltd
Notes to the consolidated financial statements
For the year ended 31 December 2021

Note 14. Equity – Reserves

		Consolidated	
	Note	2021	2020
		\$'000	\$'000
Issued options reserve	(a)	767	2,040
Share-based payment reserve	(b)	81	-
Foreign currency translation reserve	(c)	2,192	2,941
		<u>3,040</u>	<u>4,981</u>

(a) Issued options reserve

The option reserve records items recognised as expenses on valuation of share options issued.

Details	Date	Options	\$'000
Balance	1 January 2021	664,000,000	2,040
Options exercised	29 January 2021	(375,000,000)	(1,275)
Options lapsed	29 January 2021	(225,000,000)	(765)
Options granted	23 February 2021	326,923,077	645
Options granted to investors of capital raises	23 February 2021	1,402,084,825	-
Options granted	9 April 2021	57,692,308	122
Options granted to investors of capital raise	9 April 2021	250,000,000	-
Options granted to investors of capital raise	29 December 2021	1,363,636,366	-
Balance	31 December 2021	<u>3,464,336,576</u>	<u>767</u>

(b) Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services rendered.

Details	Date	\$'000
Balance	1 January 2021	-
Performance Rights issued but unvested	30 November 2021	5
Performance Rights issued under share-based payments	23 December 2021	71
Performance Rights issued but unvested	31 December 2021	5
Balance	31 December 2021	<u>81</u>

(c) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

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Note 15. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries:

Name	Principal Place of Business / Country of Incorporation	Ownership Interest	
		2021 %	2020 %
YPB Limited	Hong Kong	100	100
YPB Technology (Beijing) Ltd	People's Republic of China	100	100
Product ID & Quality Systems (Beijing) Ltd	People's Republic of China	100	100
YPB Group (USA) Inc.	USA	100	100
YPB Intellectual Product Protection Inc.	USA	100	100
YPB Group International Co., Ltd	Thailand	100	100
YPB Group Co., Ltd	Thailand	100	100
nTouch Agency Pty Ltd	Australia	100	100
nTouch Pty Ltd	Australia	100	100
YPB Product Development Pty Ltd	Australia	100	100

During the year, the Consolidated Entity restructured the legal entity organisation structure, and the following subsidiary was deregistered as a result:

Name	Date of Deregistration	Principal Place of Business / Country of Incorporation	Ownership Interest	
			2021 %	2020 %
nTouch IP Pty Ltd	24 February 2021	Australia	-	100

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Note 16. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2021	2020
	\$'000	\$'000
Loss after income tax benefit for the year	(3,514)	(11,193)
Adjustments for:		
Foreign exchange differences	(899)	1,055
Depreciation and amortisation expense	101	225
Impairment of intangible assets	503	333
Share-based payments	8	161
Finance costs	30	148
Equity-settled transactions	617	285
Net (gain)/loss on settlement of debts	(46)	4,828
Provision for slow-moving stocks	(2)	-
Change in operating assets and liabilities, net of the effects of purchase and disposals of subsidiaries:		
(Increase)/decrease in trade and other receivables	(9)	(43)
(Increase)/decrease in other assets	54	(140)
Decrease/(increase) in inventories	8	24
Increase/(decrease) in trade and other payables	(384)	868
Net cash used in operating activities	<u>(3,533)</u>	<u>(3,449)</u>

Note 17. Earnings per share

	2021	2020
	\$'000	\$'000
Loss after income tax attributable to the owners of YPB Group Limited	<u>(3,514)</u>	<u>(11,193)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic/diluted earnings per share	5,069,846,859	1,755,907,764
	Cents	Cents
Basic/Diluted earnings per share	(0.07)	(0.64)

There are 3,464,366,576 in share options issued but not included in diluted earnings per share as these would have an antidilutive effect on earnings per share. These potential ordinary shares are antidilutive as their conversion to ordinary shares would decrease loss per share. If these share options were included in the calculation of diluted earnings per share, the weighted average number of shares used in the denominator would be 8,534,213,435.

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Note 18. Subsequent events

The following events have occurred since 31 December 2021:

- On 16 January 2022, as part of the Consolidated Entity restructuring of the legal entity organisation structure, the dormant entity, nTouch Agency Pty Ltd, was deregistered.
- On 23 February 2022, 3,400,336,576 quoted options (ASX: YPBOB) exercisable at \$0.005 each expired.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years