

ASX ANNOUNCEMENT

ASX: YPB | 2nd June 2022

ProtectCode adds anti-copy feature and secures first sale

- **Anti-copy feature added to create ProtectCode Plus**
- **First ever order from North Asia (ex-China) – South Korea**
- **Customer supplies over 500 customers across a range of sectors**
- **ProtectCode Plus is digitally transferred eliminating logistics and transport fees**

Anti-counterfeit and consumer engagement technology group **YPB Group Limited (ASX: YPB)** is pleased to advise that it has secured the first sale of a significant digital security innovation in its ProtectCode range to South Korean based customer Scranton Limited.

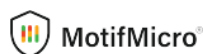
This sale demonstrates the increased commerciality of YPB's product range, greater skill in quickly monetising innovations, and growing traction in an expanding sales pipeline.

The ProtectCode family of products is generated by YPB's Connect anti-counterfeit and consumer engagement platform. Connect produces digital identities for products, both batched and variable, that allow product authentication by smartphone. The existing serialised codes have strong anti-counterfeit capabilities, but the ubiquitous QR code is easily copied, leading to this innovation.

This latest innovation for YPB's ProtectCode expands its capabilities by adding an enhanced layer of digital security to an existing ProtectCode via an anti-copy screen that is mathematically and physically virtually impossible to replicate. ProtectCode Plus can be easily printed at scale using all the primary commercial printing technologies such as HP Indigo, UV inkjet, Offset, Gravure, and Desktop Laser Printers.

ProtectCode Plus will expand YPB's addressable digital anti-counterfeit market as:

- It will sell at a premium to the existing range.
- It will generate greater commercial interest from parties previously concerned at the security of codes without physical protection (e.g. MotifMicro, YPB Tracer).
- Its barriers to adoption are negligible due to seamless, low-cost integration into existing logistics and production.
- It creates an ability to sell in a wider, including otherwise difficult, geographic range due to the ease, low cost and efficiencies of electronic distribution.





This larger addressable market is evidenced by the first ProtectCode Plus customer being in South Korea, a country well outside YPB's normal arc of operation.

Scranton Ltd is an importer, distributor, and sales agent in Korea. It imports raw materials of plastic, various chemicals, and end products from multiple countries and supplies cosmetic, packaging, and chemical companies amongst others, etc. It supplies more than 500 customers in Korea.

The key terms of the Master Supply Agreement are:

- An Initial Term of three years.
- Initial volume of ProtectCodes is 1,000,000.
- An initial contract value in YPB's modest¹ range (at least \$20,000), but front loaded and at multiples of the values of recently announced paid commercial trials.
- Per unit discounts on achieving sales volume thresholds.

YPB considers this agreement to be price sensitive as it demonstrates novel products gaining commercial traction in an expanding geographic range, all of which are important to a company at YPB's stage of development.

Executive Chairman John Houston said: *"We are innovating, we are marketing, and we are selling. Despite Covid proving a great brake on progress, we have built strong foundations in the past two years from which to grow shareholder value. I am optimistic that this will become increasingly apparent as the year progresses."*

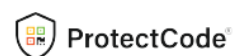
This announcement has been authorised by the Board of YPB Group Limited.

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¹ YPB seeks to help the market gauge the financial significance of contracts without damaging commercial confidentiality via the following guide to contract value:
Modest <\$50k; Moderate \$50k - \$200k; Major >\$200k





About YPB Group

YPB Group Limited (ASX:YPB) develops and sells a suite of product authentication and consumer engagement technologies designed for a world where authenticity triggers engagement, and the value of consented first party data is ever increasing.

The combination of YPB's covert tracer and smartphone authentication technologies together with its proprietary Connect platform allows product packaging to become connected. YPB's technology opens cost-effective, digital, and direct marketing channels between brands and their consumers, while protecting both against counterfeits and allowing tailored marketing campaigns directly back to the scanning smartphone.

YPB is focused on the rapidly growing Australian, South-East Asian, and Chinese markets and our focus is dairy products, official identification documents, alcohol brands, FMCG manufacturers, global packaging partners and integrators. Our target markets represent billions of items and are growing rapidly. To learn more please visit: <https://www.ypbsystems.com>

