



ASX ANNOUNCEMENT

ASX:YPB | 26 August 2020

YPB China wins 2 new channel partners

- 3-year supply contract with prominent pharma packaging supplier Suzhou-Haishun Packaging
- Second 3-year supply contract with established label printer Beijing Haihui Printing
- New sales strategy sees new business opportunities in China continuing to build

Product authentication and consumer engagement solutions provider **YPB Group Limited (ASX:YPB)** is pleased to announce that its China business is sustaining its improved new business momentum with two important new channel partners. The first is a high-volume pharmaceutical packaging supplier and will mark YPB's entry into the China pharmaceutical sector. The second is a well-established label printer with a broad, blue chip customer base.

In the first year, the two contracts together are expected to add a minimum of A\$75,000 in revenue with possible upside in years two and three as YPB's solutions are on-sold to the channel partners' end customers.

First contract: YPB China has signed a 3-year contract ("Haishun Contract") to supply Suzhou-Haishun Packaging ("Haishun") Material Co. Ltd with YPB's proven T2 tracer-scanner authentication solution. In a unique product innovation, Suzhou-Haishun will incorporate YPB tracer into an advanced foil application for a pharmaceutical customer in China with YPB T2 scanner used to confirm product authenticity through the supply chain.

YPB will supply its proprietary tracer and scanners with minimum annual take or pay conditions, and with additional incentives for increased volume. Suzhou-Haishun will promote the brand and consumer protection benefits of YPB's solutions more broadly to its customers and YPB anticipates growth beyond the contracted minimum value over time.

Suzhou-Haishun Group is a prominent, large pharmaceutical packaging and flexible packaging material (laminated foil and end products) manufacturer in China producing cold-forming foils, tropical blister foils, suppository films plus lid stock of all types for pharmaceutical, cosmetic and food applications. It has a portfolio of major clients domestically and globally and is certified by US FDA and DMF (Drug Master File).

Revenue under the Haishun Contract is a minimum total contract value of A\$75,000. YPB may terminate the Haishun Contract if Haishun fails to make a payment due under the Haishun Contract within 10 weeks of the stipulated delivery date. Haishun may terminate the Haishun Contract if YPB fails to deliver its products within 40 days of the stipulated delivery date.

Second contract: A second 3-year supply contract ("Haihui Contract") has been signed with Beijing Haihui Printing Co. Ltd ("Haihui") which will integrate YPB's product authentication tracer and scanner technology into anti-counterfeiting label printing for its customers.

Haihui is a well-established printing company that has been operating in China for over 20 years delivering integrated planning, design, production, printing and packaging. It specialises in the technical research and development, design and printing services of self-adhesive label identification, anti-counterfeiting label identification and various composite label identification.



Haihui provides labeling services for nearly 100 customers across a diverse range of sectors. Customers include Nippon Coatings, CQC, Sinopec, ZFT, Duoduo Pharmaceutical, Tsinghua Unigroup, Sony Ericsson and French Andros among others.

Revenue under the Haihui Contract is based on purchase orders issued by Haihui from time to time. YPB may terminate the Haihui Contract if Haihui fails to make a payment due under the Haihui Contract within 10 weeks of the stipulated delivery date. Haihui may terminate the Haihui Contract if YPB fails to deliver its products within 40 days of the stipulated delivery date.

YPB Group CEO John Houston said: *"Securing two new, high quality China channel partners in new end-customer segments that are immediately revenue generating and with the sales process occurring through the difficulties of COVID-19 reflects the increasing effectiveness of our revised China sales strategy."*

"Over the past ten months YPB China has developed new channel partnerships in a number of large, lucrative sectors. We are now better at demonstrating the value, relevance and simplicity of our forensic tracer-scanner solution. The fact that major intermediaries are staking their own reputations by offering YPB's solutions to secure product authenticity for their customers' products is proving that there is indeed a significant market for high quality anti-counterfeit solutions. We've always had great technology and after years of toiling we are now creating an effective sales machine."

We are steadily building a base of longer-term contracts and with strong client management we can generate repeat orders and recurring revenues. Obviously, the China opportunity is enormous, and our growing suite of channel partners give us leveraged market access to those very high volumes. Sound channel management should result in revenue growth and ultimately a profitable China business over time.

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

For further information please contact:

Investor enquiries

investors@ypbsystems.com

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, 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